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DEVELOPMENT OF THE REVISED FIVE-YEAR PLAN FOR THE WASTE
TIRE RECYCLING MANAGEMENT PROGRAM WORKS HOP
STATE OF CALIFORNIA
INTEGRATED WASTE MANAGEMENT BOARD

JOE SERNA, JR., CALEPA BUILDING
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Ms. Lillian Conroe, Supervisor, Waste Tire Enforcement

Mr. Mitch Delmage, Branch Manager, Waste Tire Program

Ms. Sally French, Staff

Mr. Bob Fujii, Supervisor, Remediation & Engineering
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Mr. Nate Gauff, Staff

Mr. Scott Harvey, Board Chair Advisor

Mr. Mark Leary, Executive Director

Mr. Jim Lee, Deputy Director, Special Waste Division

Mr. Darryl Petker, Staff

Mr. Frank Simpson, Supervisor, Product Promotion &
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Ms. Georgianne Turner, Supervisor, Enforcement &
Permitting Section (North)

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APPEARANCES CONTINUED

ALSO PRESENT

Mr. Michael Blumenthal, Rubber Manufacturers Association

Ms. Denise Kennedy, TK Enterprises

Mr. Mark Korte, Tri-C

Ms. Rita Leahy, Nichols Consulting Engineers

Mr. Terry Leveille, TL & Associates

Ms. Jana Nairn, Golden Byproducts

Mr. Barry Takallou, CRM

Mr. Cameron Wright, West Coast Rubber Recycling

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1 PROCEEDINGS

2 MS. FRENCH: I think we're going to get started.
3 I'm Sally French with the Waste Tire Program. Thank you
4 for coming today and those that are listening.

5 We're going to start off with Jim Lee. Today's
6 agenda is going to start that we're going to have Jim Lee
7 do opening remarks, and then our staff is going to go
8 through each of the elements of the Five-Year Plan and
9 give you our plan. And then we'll come back and we'll
10 take comments from our stakeholders. And Mitch Delmage,
11 our program director, will take the closing remarks. So
12 let's start with Jim Lee, our Deputy Director of the
13 Special Waste Division.

14 DEPUTY DIRECTOR LEE: Good morning, and welcome
15 to this workshop on revision to the Five-Year Plan for the
16 Waste Tire Recycling Management Program. Thank you all
17 for coming. Again, my name is Jim Lee, Deputy Director
18 for the Special Waste Division.

19 Today's meeting was supposed to be held under the
20 osmosis of the Special Waste Committee. However, I'm sure
21 as many of you know, Committees are being reorganized and
22 we are in a transition period to a new Committee and Board
23 staff reorganization. Therefore, this meeting will be
24 handled by the Special Waste Division staff.

25 However, Board members and their staffs are in

1 attendance, an expression of the Board's continued
2 interest and involvement in this Five-Year Plan revision
3 process. I want to, in fact, acknowledge the presence of
4 Board Member Rosalie Mulé and Mr. Scott Harvey, advisor to
5 the Board Chair Margo Reid Brown, and also the presence of
6 the Board's Executive Director, Mr. Mark Leary.

7 There have been two public workshops on the plan
8 to date to solicit input on the revision process. Staff
9 have distilled what we've heard and melded it with our own
10 ideas. The purpose of today's meeting is to present and
11 request input about our preliminary thoughts for the
12 program going forward.

13 The current Five-Year Plan was distinguished by a
14 commitment to concluding the remediation of the
15 environmental contamination problems at the Tracy tire
16 fire site, the cleanup of the remaining large waste tire
17 piles in Sonoma, a commitment to funding support for a
18 strong local waste tire enforcement system, and the
19 implementation of a revised Waste Tire Manifest Program.
20 It was also distinguished by a concerted attempt to
21 refocus market development work on rubberized asphalt
22 concrete, RAC, and civil engineering uses of tires and
23 directed technical assistance and development services to
24 businesses to increase waste tire processing capacity and
25 markets for tire-derived products.

1 Although it has been just a little over a year
2 and a half since the adoption of the last five-year tire
3 plan, I'm pleased to report success or progress on all of
4 these initiatives. The Tracy tire fire site remediation
5 has been completed. Five of the eight Sonoma waste tire
6 piles, the largest known waste tire piles in the state,
7 have been cleaned up.

8 Participation by local jurisdictions in the Local
9 Waste Tire Enforcement Program continues to increase, with
10 coverage of over 70 percent of the state now provided by
11 these jurisdictions.

12 Tire Manifest Program revisions have been
13 successfully implemented with a focus on reduced paperwork
14 and the availability of electronic database and web-based
15 reporting capabilities and with the net result of reduced
16 administrative time and expense for both stakeholders and
17 staff.

18 RAC and civil engineering efforts have been
19 scaled up and supported by coordinated outreach, technical
20 assistance, and funding support to local jurisdictions.

21 The Business Assistance Program shows great
22 promise in addressing problems associated with its
23 predecessor, the Tire Commercialization Program, and
24 providing cost-effective and efficacious support for the
25 business community.

1 Based on progress over the last 18 months, staff
2 is not proposing radical changes in the program going
3 forward. We still see continued effort on RAC, civil
4 engineering uses of tires, as being a focal point, because
5 we believe they offer the best and most cost effective
6 alternatives for increasing waste tire diversion and
7 recycling. We see continued market support delivered
8 through the Business Assistance Program. We see a modicum
9 of focused research to support these initiatives. We see
10 a continuation of our waste tire manifest and enforcement
11 efforts to ensure that tires are not illegally disposed.

12 That's our view of the world. And I will now ask
13 my staff to walk through some of our specific proposals
14 and receive your input.

15 SUPERVISOR TURNER: Good morning. As I'm looking
16 throughout the room, I think many of you have heard my
17 spiel the last time around. But I'll just do a quick
18 overview of the program.

19 We're not proposing a lot of changes. There are
20 some, a few. We'll try to do this in order to the best of
21 my ability of how they are outlined above. Yes. They're
22 there.

23 My name is Georgianne Turner from the Enforcement
24 Program, if you don't already know. Many of you are aware
25 that our main goal of our program is to reduce and to the

1 extent possible eliminate the illegal disposal and storage
2 of waste tires which have the potential to cause public
3 health and environmental concerns usually in the form of
4 tire fires and/or the breeding of disease-spreading
5 vectors. We approach this goal in several different
6 angles, which we'll discuss in order today.

7 The first is to maintain a strong and uniform
8 Inspection and Enforcement Program at the state and local
9 level. This is done by our enforcement field staff and
10 through our Waste Tire Enforcement Grant program. These
11 functions currently are supported by the \$1.7 million that
12 you see at the top and that our staff work very closely
13 with the enforcement grants. So it's kind of hard to
14 separate these out. That's further down on the
15 spreadsheet.

16 There have been some comments that, you know,
17 where the staffing costs are expensive. And I wanted to
18 kind of go over some of the accomplishments we've made and
19 some of the things we do to just let you all know how that
20 money is spent.

21 We have conducted over 1,400 inspections in the
22 last year.

23 We've trained up to 150 waste tire inspectors at
24 the local level.

25 We've assisted on approximately 50 referrals from

1 local government agencies where they can't get cleanup at
2 the notice of violation level.

3 We have cleaned up ten illegal tire piles at no
4 cost to the Board by getting operators to comply.

5 We've put on six roundtables throughout the state
6 and conducted a two-day -- we've been instrumental in
7 conducting two days worth of training at the local
8 enforcement conference and setting those trainings up.

9 We've conducted several surveillance activities
10 which Darryl is going to talk about later as well as
11 border activities, which Lillian will discuss later than
12 that.

13 And we've revised and issued new waste tire
14 facility permits and beneficial use projects as well as
15 managed and assisted the Waste Tire Enforcement Grant
16 Program.

17 These functions are important for us to have
18 statewide consistency. The training is ongoing at the
19 local level. And our support at that level is very
20 needed.

21 In addition to those activities, we have other
22 programs in this element which include Surveillance and
23 Enforcement Assistance Program, the CDAA Assistance
24 Program, and the data development.

25 And I'd like to at this time turn it over to

1 Darryl to discuss the Surveillance and Enforcement

2 Assistance Program.

3 MR. PETKER: Good morning. My name is Darryl
4 Petker. I'm with the Special Waste Division. I'm going
5 to talk about a select little area that's used for support
6 of the Enforcement Program. Right now, it's listed on
7 page 9 of the book, and I'll kind of follow that along if
8 you want to turn there.

9 But as we've learned in doing the enforcement, we
10 find there's some support activities that can be offered
11 across the state, not only with us, but other
12 organizations as always. So we've kind of approached this
13 in a supportive integrated approach. And I'll kind of go
14 over what we're suggesting for this, and be happy to
15 listen to your comments on those.

16 So the first one we have in place and looking to
17 continue is the CHP agreement to support enforcement
18 activities. What we do is we have an agreement with the
19 California Highway Patrol to provide us a wide range of
20 support activities for our field staff and the local
21 enforcement people. That's aerial support, investigative
22 services, checkpoints to look to help us enforce waste
23 tire hauler rules, regulations, training, and other
24 activities that come along as we need.

25 The second one is the satellite surveillance

1 program which we have now with San Francisco State and we
2 hope to be able to continue. We're using that in selected
3 areas in a broad view to be able to help us find locations
4 that we can't normally see from a roadside inspection.
5 We've got a couple of those. We've done a couple. We've
6 got a couple in the works, and we're getting results. And
7 we're analyzing it now so we don't have the final results
8 yet. So it's looking very promising, and we'd like to
9 continue that because it saves a lot of time and resources
10 for our inspectors, both our inspectors and the local
11 inspectors.

12 The next one is the ARB surveillance. ARB has a
13 unit that does specifically surveillance for many of the
14 agencies around the state. They work with the Department
15 of Justice. They work with the CHP. They work with a lot
16 of the Cal/EPA agencies. So they're on board with us to
17 help both our staff and local enforcement agencies setting
18 up cameras, helping us do the technical end of getting
19 information to check sites and approve that they are doing
20 things correctly or they're not and getting that kind of
21 evidence for us.

22 The next area is the analysis of targeted study
23 areas, which is a little broader. But as we go along and
24 learn, we find there are areas or study things that need
25 to be looked at in a little more comprehensive way, and we

1 see those. One of those would be the waste tire study for
2 the border region, which is turning out to be very
3 interesting. We have a contract with San Diego State
4 who's doing a lot of work along the border. So we felt
5 that not only are we finding that to be important, but as
6 other areas come up that might need to be looked at, this
7 would be a good place for that to help with those studies,
8 find information, support the enforcement staff in the
9 Board's mission.

10 The next one is the training support for the
11 inspectors and managers. We're looking at working with
12 OES and the California Specialized Training Institute to
13 help us in a training. Currently, the CHP helps us do a
14 lot of integrated training for our inspectors, law
15 enforcement officers, both state and local, and the local
16 inspectors to make sure that they're all on the same
17 board. Not only is it good for their training, but it
18 helps them network. We'll do a training for a region
19 where officers from different areas can then meet each
20 other and work on that.

21 Okay. A couple of real just highlight things
22 that I'd like to talk about is we offer assistance on
23 enforcement efforts. It's an integrated approach. For
24 instance, on the border study that I talked about, we used
25 the satellite contract to help locate tire piles that we

1 don't have the facilities or resources to look for and the
2 CHP to back that up.

3 I have some other talking points, but I discussed
4 them all. So I think that's it for me.

5 DEPUTY DIRECTOR LEE: George, if I may, before we
6 proceed on the next, I would like you to take a minute for
7 both you and Darryl to kind of mention significant changes
8 in funding levels for any of these line items, differences
9 from the previous iteration, and also make sure to note to
10 the rest of the staff we want to make sure we note those,
11 too, during your presentations as well.

12 SUPERVISOR TURNER: Okay. The next issue on the
13 spreadsheet is the CDAA enforcement case assistance. And
14 although our legal staff normally prosecutes
15 administrative and enforcement penalty actions to ensure
16 the uniformity of enforcement and to expedite the process,
17 there are certain cases such as multi-media cases that can
18 be handled more effectively at the local district
19 attorney's office. The California District Attorneys'
20 Association assists us in rural areas in taking egregious
21 waste tire cases, and they've been very helpful in several
22 different areas.

23 So we like to maintain that contract, because we
24 never know, you know, what's going to come up. And so
25 we've proposed to keep that pretty consistent for the next

1 few years. The only change is to make that eventually
2 into a two-year grant instead of a one-year grant just for
3 efficiency's purposes.

4 Then the next line item is the Local Government
5 Waste Tire Enforcement Grants. And for the next
6 two years, you see that's maintaining at \$6 million and
7 gradually increasing. We really don't have final numbers
8 on what this program is going to cost us. And so we're
9 hoping to continue to grow the program and still at the
10 same time reach efficiencies where we're using the dollars
11 more and more efficiently. So this would be addressed
12 again in the biennial review whether we really need these
13 increases or not. This is kind of just a projection of
14 hopefully getting more people into the program and having
15 that money available to us.

16 But as you see, for the next two years it will
17 maintain pretty much the same. And I think we received
18 grants for this next application for \$5.9 million. So
19 we're really close. So we'll reallocate -- we cut some of
20 those budgets back. We'll reallocate about 300,000 for
21 this next cycle coming up. So this allows us a little bit
22 of room for growth in the next few years.

23 Also I think I just want to point out because
24 I've really made it a goal to make this program efficient
25 and a personal goal. And so in the discussion in the back

1 which talks about performance standards, we are tracking
2 the actual costs of the program as well as what we are
3 putting out there on the street. And there's been a lot
4 of learning curve about what it actually takes to do this
5 program at the local level. And so I see in the next
6 two years by the next biennial review, we're going to have
7 good actual numbers of what it costs. But we don't have
8 those right now. We only have for TEA 8 and 9 which is
9 two cycles ago the final payment requests in so we have a
10 total actual number for those costs.

11 BOARD MEMBER MULÉ: I have a question. Thank
12 you. Rosalie Mulé, Board member.

13 So my question is if you do find that there may
14 be a need on the part of the local jurisdictions to
15 increase that grant amount higher than the current 300,000
16 a year, that's something that we can consider?

17 SUPERVISOR TURNER: Sure. I think that -- you
18 know, I haven't heard that yet. But sure. That's
19 something that if that comes to our attention, we can
20 address that in a criteria item before -- I guess it would
21 be the Policy Committee now. And you know, that would be
22 a change that we could make to the program. You know,
23 it's not in regulation or standard.

24 COMMITTEE MEMBER MULÉ: Thank you.

25 DEPUTY DIRECTOR LEE: Ms. Mulé, if I may on that

1 and make sure I captured the full point of your question.
2 You know, right now the budget for many years was static
3 at the \$6 million level. And we weren't expending up to
4 that amount. I think as George has indicated to you, we
5 see the program hopefully expanding. I mention the 70
6 percent coverage. We are trying to get some new
7 jurisdictions. I'm told that we may have a couple new
8 ones that report to the Board this cycle. But I think if
9 you'll see in some of the outlying years in year 11/12,
10 we're trying to ramp up the budget, you know, from \$6
11 million to 7 million per year.

12 So we've got a conscious effort to make sure that
13 we are continuing to provide oversight of the program and
14 make sure it's still run as cost effectively as possible,
15 but also building in the opportunity for trying to expand
16 it over this next five-year period.

17 COMMITTEE MEMBER MULÉ: I understand that we want
18 to expand the coverage area. But my question is, would we
19 increase the amount of the grant if we saw based on that
20 evaluation? I mean, I personally feel that the
21 enforcement takes place at the local level. And so I
22 think that, you know, based on what we're finding and what
23 we discovered through these evaluations that perhaps we
24 might want to consider putting more money into this
25 category so that we can provide, you know, higher level of

1 grants to the locals for enforcement.

2 DEPUTY DIRECTOR LEE: If the Board decides --

3 COMMITTEE MEMBER MULÉ: So if the need is there.

4 SUPERVISOR TURNER: Just for a little
5 information -- and I see some of the larger jurisdictions
6 possibly needing more money. But the as-of date, no
7 jurisdiction has spent up to the max.

8 MR. LEVEILLE: And this is Terry Leveille. And I
9 take Board Member Mulé's suggestion with some caution. I
10 remember in the early days Board Member Paparian had
11 raised some issues about possible abuses of some of the
12 enforcement money, you know, and the LEAs and that type of
13 thing.

14 COMMITTEE MEMBER MULÉ: That's our job to make
15 sure they spend it appropriately.

16 MR. LEVEILLE: And you're saying that basically
17 we're going to look at each jurisdiction and see, you
18 know, by how many inspections they need and see if you
19 have some better numbers. And it actually could go down.
20 I mean, I don't want to assume it's going to go up. It
21 could go down too.

22 COMMITTEE MEMBER MULÉ: Well, I did say based on
23 evaluation, right.

24 MR. LEVEILLE: When were those going to be?

25 SUPERVISOR TURNER: Each year, once all the

1 payment requests are in and sometimes they trickle in
2 after awhile, then we're able to close out that cycle and
3 able to get a real number of what was actually spent in
4 the field.

5 And you know, it's interesting, because I can
6 actually see the per jurisdiction allocation going up
7 while our costs are staying relatively overall in the
8 program stable. You know, I can see both of those
9 happening at the same time.

10 MR. LEVEILLE: I think this is the crux of the
11 enforcement activity. I like the idea of the local
12 enforcement. I don't want to denigrate that. I just want
13 to parrot, you know, Michael Paparian's concerns way back
14 when.

15 DEPUTY DIRECTOR LEE: Okay. Who's next to speak
16 on this? Keith Cambridge of our Hauler Manifest Program.

17 SUPERVISOR CAMBRIDGE: Good morning. My name is
18 Keith Cambridge, Program Manager of the Hauler Manifest
19 Program. Today, I'll present information on this program
20 as it relates to the Five-Year Plan.

21 The Hauler Registration Program oversees more
22 than 1,000 registered waste tire haulers, comprising
23 approximating 6500 vehicles. In addition to the Hauler
24 Registration Program, the program also receives the
25 California Uniform Waste and Used Tire Manifest System.

1 This program involves approximately 16,000 waste tire
2 businesses such as generators, haulers, and end-use
3 facilities. Both the Hauler and Manifest Program was
4 established in 1995.

5 In 2003, as a requirement by SB 876, the Board
6 developed the California Uniform Waste and Used Tire
7 Manifest System, comprising of a manifest form and tire
8 trip log. Extensive training and materials were provided
9 to the entire regulated community of 16,000.

10 Page number 31.

11 The regulated community felt this forum was very
12 complicated and very time-consuming to complete every
13 transaction as they perform with very few forms being
14 completed correctly. As the community displeasure grew,
15 staff was requested by the Board to re-examine these forms
16 to develop something new where tracking and useful
17 information was still being captured, but the forms were
18 simpler to complete and less time consuming. Staff
19 developed the comprehensive trip log form which was
20 adopted into regulation in 2005. Again, extensive program
21 training was provided to the hauler community.

22 The CTL form has been widely received by the
23 hauler community as it's simpler to use and less time
24 consuming. In addition to the development of this form,
25 it reduced the required volume of paperwork for more than

1 437,000 manifest and trip log forms used in an eight-month
2 period to approximately 141,000 CTL forms, which is a
3 reduction of about 67 percent of the paperwork as well as
4 the reduction of pre-paid postage on these forms.

5 At that same time, staff has been continually
6 striving to place more haulers in the electronic data
7 transfer system to date as well. To date, eleven
8 companies are now on the EDT program. A review of the
9 past six months shows approximately 46 percent of the
10 total records submitted to the Board are done through the
11 electronic means. Staff will continue to make all efforts
12 to get more haulers on board with the EDT system.

13 The current Manifest and Hauler Program consists
14 of one supervisor, four IWMS positions, one part-time
15 office tech, and eight student assistants. The main
16 functions of the program are to: Process all paperwork
17 associated with the hauler registration on a continual
18 basis. This includes yearly renewals, updated bonds,
19 replacement decals, adding and deleting vehicles. We also
20 assist the regulated community and enforcement agencies or
21 the like who call on the toll-free hotline. More than
22 1,000 calls are received each month. Approximately 16
23 percent of those are Spanish-speaking calls.

24 We also issue and maintain the program
25 identification numbers for all tire dealers, generators,

1 haulers, and end-use facilities within the program. We
2 maintain the WTMS, or the Waste Tire Management System,
3 complaints system where more than 1800 complaints are
4 entered annually. Program staff issued Letters of
5 Violations to either unregistered haulers or haulers with
6 manifest violations. And then facility complaints are
7 referred to the Enforcement section for appropriate
8 follow-up.

9 Prepare a quarterly news report to the hauler
10 community updating them on the current laws and
11 regulations and other helpful materials they may need. We
12 also prepare and assist the haulers to become ETD users by
13 helping them develop their own forms to become compliant
14 with EDT requirements.

15 We provide the necessary hauler and manifest
16 training throughout the state. Recently, we've instituted
17 what we call the "Train the Trainers" course to help train
18 the larger companies' environmental compliance officers
19 where they come in, we'll train them, provide them
20 training materials. They go back and train their own
21 staff on the CTL forms and the hauler requirements.

22 We provide the necessary hauler and manifest
23 training out of the country for Mexican haulers and tire
24 dealers. We review the manifest documentation for
25 completeness and accuracy and prepare necessary violations

1 and notices to these operators.

2 We review the manifest documentation to determine
3 discrepancies in the reporting volumes of tires and
4 vehicles used in the hauling of waste tires and prepare
5 the necessary violation notices to these operators or to
6 the Enforcement Section for the follow-up.

7 And we prepare and submit Statement of Facts to
8 the Legal Office concerning enforcement actions on repeat
9 violators. Over the past two years, the Hauler Program's
10 referred over 30 administrative complaints to the Legal
11 Office for appropriate action with a total of assessed
12 penalties of more than \$160,000 and an additional \$100,000
13 held in abeyance over a probationary time period over
14 these haulers if they fail to comply with the
15 requirements.

16 And we also testify in legal actions brought by
17 the Board or prosecuting agencies throughout the state if
18 they have anything involved with the Hauler Manifest
19 Program.

20 And this budget for the 2005-2006 was
21 approximately \$550,000. From then, it dropped down to the
22 2006-2007 through 2009-10 to \$450,000. So there was a
23 drop of \$100,000 last year.

24 Any questions?

25 DEPUTY DIRECTOR LEE: We'll move on to the next

1 element, the Enforcement Program.

2 SUPERVISOR FUJII: Good morning. I'm Bob Fujii.
3 I manager the Board's Recycling Program. For those didn't
4 hear that, I'm Bob Fujii. I manager the Board's Waste
5 Tire Cleanup Program. I'm going to talk about the section
6 of the Five-Year Plan that deals with the Board's cleanup
7 efforts. And for those of you who do not know, it's under
8 the Board's cleanup program that we perform the cleanup
9 and abatement and remedial actions on waste tire sites
10 where the responsible parties have either failed to take
11 appropriate action or where there's been illegal dumping
12 on public property.

13 We do this work generally through our Board
14 managed contract or by awarding grants to local
15 governments. And the local governments will then turn and
16 conduct their own cleanups or amnesty day events using
17 those grant events.

18 One significant change that's occurred from
19 previous Five-Year Plans is that there's no longer any
20 funding proposed for long-term remediations. And this is
21 because we cleaned up the two largest tire piles in the
22 state, which is the Westley and Tracy tire piles. And
23 those tire fire projects were completed. Tracy recently
24 completed this past year in 2006.

25 So the main components of the new Five-Year Plan

1 will include the following elements: Short-term
2 remediation projects; Local Government Waste Tire Cleanup
3 Grant Program; Local Government Amnesty Day Grant Program;
4 Farm and Ranch Solid Waste Cleanup and Abatement Grant
5 Program; Office of the State Fire Marshall Training; and
6 then an Emergency Reserve Account. So let me go briefly
7 through those six elements.

8 The short-term remediation projects, those are
9 the sites that have been referred to us through our Tire
10 Enforcement Program which you just heard either from
11 Georgianne or from Keith. And typically these are
12 situations where again the owner is unwilling or unable to
13 remediate the sites and Board has exhausted all
14 enforcement options. The sites are then taken before our
15 Board for approval. And once approved, cleanup is
16 performed by Board contractors with oversight by Board
17 staff.

18 During 2005, the first part of 2006, \$1.5 million
19 were removed from eleven sites at a cost of about 3.8
20 million. However, due to the success of the Enforcement
21 Program as presented by Georgianne and Keith that you
22 heard earlier, there's been a significant drop in the
23 number of illegal sites that have been brought before or
24 have been referred to this program. So we're going to be
25 decreasing the funding in the new Five-Year Plan.

1 Previous Five-Year Plans funded this effort about \$1.5
2 million every year. And we're now going to be funding
3 this effort at \$1.5 million every other year beginning in
4 fiscal year 07-08.

5 Let's move onto the Local Government Waste Tire
6 Cleanup Grant Program. And under this program, we're
7 going to be pretty much continuing our efforts as before.
8 This program has been relatively successful. It's been
9 not necessarily oversubscribed, but pretty much subscribed
10 at the current funding that we've been allocating over the
11 past several years. We're going to continue those efforts
12 for the next five years under this plan. Under the new
13 plan, we're proposing \$1 million of funding under this
14 program beginning in fiscal year 07-08.

15 And similarly under the Local Government Amnesty
16 Day Grant Program, a program that's been pretty successful
17 and has been oversubscribed in several of the past years,
18 we are therefore going to be increasing that funding
19 slightly to \$1.5 million. And that funding will begin in
20 07-08 and will continue for the next five years.

21 The Farm and Ranch Solid Waste Cleanup Grant
22 Program, that's a program that receives tire funding every
23 single year from -- that receives tire funding every
24 single year. And this year we're allocating \$400,000 for
25 that program. It's a program that is similar in nature to

1 the Board's Local Government Waste Tire Cleanup Grant
2 Programs, except it deals mostly with properties that are
3 zoned agricultural. And again, they do cleanup a fair
4 amount of tires. So we will be continuing that effort
5 again at \$400,000 fiscal year beginning in 07-08.

6 The next section is the Office of State Fire
7 Marshal Training. And this is essentially an effort that
8 we conducted through the Office of State Fire Marshal back
9 in 2004 where they revised some of the fire codes to
10 update them and then also conduct training for local fire
11 authorities on fire suppression, the latest fire
12 suppression techniques. And that effort was completed in
13 2005. And we will be revisiting that at about I think
14 it's two years. And we'll be proposing funding for
15 \$100,000 in fiscal year '08 to go ahead and update if it's
16 necessary any curriculum or training or any fire
17 suppression that is needed at that time.

18 And in the last section of this, the last element
19 of this section is Emergency Reserve Account. And this is
20 the million dollar reserve that's set aside by the
21 Legislature to deal with any kind of tire fire emergency,
22 like the Westly or Tracy tire fire situation that occurred
23 in the last ten years.

24 That's pretty much it for this section. Any
25 questions?

1 MR. HARVEY: You were kind enough to point out
2 where there were increases and decreases. There was a
3 rather significant decrease in short-term remediation
4 projects. Those million dollars, and they were
5 multi-millions, were they kept in this abatement program,
6 or did they get shifted somewhere else to benefit another
7 tire program effort?

8 SUPERVISOR FUJII: The short answer is they've
9 been shifted elsewhere. Because as you notice, the total
10 funding for this -- well, shifted to other cleanup
11 programs, into either the Waste Tire Cleanup Grant
12 Programs or the Amnesty Programs is likely where they
13 ended up. And I'd have to look at the numbers to make
14 sure. And some of the funds may have been shifted outside
15 the program as well.

16 MR. HARVEY: And we will pick up at some point
17 where those increases were made?

18 MS. FRENCH: Bob, can I chime in?

19 There's short-term remediation in this plan. The
20 previous plan had long-term remediation, which was the
21 Tracy and Westley and short term. When we got to the
22 outer years of the last plan, there were no funding for
23 the long-term remediation. So there's not really a lot of
24 savings because there were no funds allocated in '07 and
25 '08 for that long term. The only savings you're seeing is

1 in the yellow columns where we've alternated the funding
2 because we'll do two-year agreements for the 1.5 million.

3 MR. HARVEY: Okay. Then that begs the question
4 if you had money for long term, where has it been shifted?

5 MS. FRENCH: We did not have funding in 07/08 in
6 your original plan, it has no funding. We knew we would
7 be cleaning up Westley and Tracy, so there was no funding
8 there.

9 MR. HARVEY: I'm not saying my question right.
10 You had money at some point set aside for long term.

11 MS. FRENCH: In previous fiscal years, but that
12 money already has been spent and gone. We're looking at
13 fiscal year 07-08 where there was no funding allocated.

14 DEPUTY DIRECTOR LEE: Mr. Harvey, I think I can
15 respond to your question. Number one, we will provide the
16 Board some revised table to kind of show what it looked
17 like last revision and what we're proposing this year so
18 it's a little clearer.

19 Secondly, the point that Sally is talking about
20 here is I know there have been some presumption that with
21 the known cleanups of Tracy and Westley that that was
22 going to free up a lot of money for use elsewhere in the
23 program. However, the reduced funding amounts for both
24 those projects were recognized in the previous iteration
25 of the Five-Year Plan. And indeed, those reductions were

1 already taken for the outlying fiscal years. So I think
2 that is the point that my staff is trying to make here.

3 MR. HARVEY: Thank you. Now I understand it.
4 You were already caught up with where those were, and
5 they've been distributed in an earlier iteration in out
6 years.

7 DEPUTY DIRECTOR LEE: That is correct.

8 MR. HARVEY: Thank you. You get the sense of
9 what I'm trying to ask. If there are significant changes
10 from the last iteration that are unlike that that are
11 contemplated only this year, I would appreciate knowing
12 that those had been made and where they were.

13 DEPUTY DIRECTOR LEE: Understand. And I think
14 the main difference that I see in looking at the tables is
15 again the fact that we had had the one-and-a-half million
16 dollars per year budgeted for short-term remediation, i.e.
17 the Sonoma cleanups. Those came in -- you know, we
18 completed those. They came in cheaper than we thought.
19 So we're going to be able to go to rather than funding at
20 that level every year, we're talking about a funding every
21 other year. So you know, there will be some savings
22 there. Some of the savings has been picked up by a
23 proposed increase in the Amnesty Grant awards.

24 MR. HARVEY: Thank you.

25 SUPERVISOR FUJII: Any other questions?

1 DEPUTY DIRECTOR LEE: We'll now move on to the
2 next element.

3 MR. BLUMENTHAL: Mr. Lee.

4 DEPUTY DIRECTOR LEE: Yes. Mr. Blumenthal.

5 MR. BLUMENTHAL: It was my understanding that at
6 the end of each one of these sections there will be time
7 for comment.

8 MS. FRENCH: No. We're saving comments towards
9 the end. We were hoping to have our staff walk through
10 the whole plan. If you see on the agenda, after that we
11 will take the comments from the stakeholders so we have
12 our whole panel up there. Some of the programs kind of
13 cross reference into different elements.

14 DEPUTY DIRECTOR LEE: I also wanted to
15 acknowledge for the audience that we have Board Member
16 Gary Petersen and his advisor, Mr. Chris Peck, in the
17 audience here with us this morning.

18 SUPERVISOR FUJII: I'll start with the next
19 section again. I'm Bob Fujii. And the next section we're
20 going to be discussing is our research efforts directed at
21 promoting and developing alternatives to landfills
22 disposal. It starts on page 17.

23 Our research efforts over the years have
24 investigated a variety of waste tire diversion and has
25 concluded that a diverse mix of strategies is necessary to

1 divert tires from our landfills. To date, these projects
2 involving rubberized asphalt concrete, TDA, tire-derived
3 aggregate, energy recovery, molded rubber products, and
4 projects that produce crumb rubber have been explored. So
5 far, RAC and TDA and tire-derived fuel applications have
6 shown promise for diverting tires from landfills. It is
7 for this reason we will be continuing our efforts in areas
8 of TDA and RAC in the new five-year version of the
9 five-year plan.

10 I'm going to talk briefly about some of the civil
11 engineering areas. And I'm going to let Nate Gauff talk
12 about our RAC research efforts. In our civil engineering
13 application for waste tires area, we've expended a fair
14 amount of resources to date trying to promote the use of
15 TDA in various civil engineering applications through
16 several contracts with Dana Humphrey, who is our
17 internationally known expert in the area of TDA. We
18 provided education and promoted the use of TDA as an
19 alternative to conventional materials and various
20 transportation/construction projects throughout the state.

21 We made a significant amount of progress, but
22 there's still much work that needs to be done to convince
23 some of our local and State government partners on the
24 engineering on the benefits of using tire-derived
25 material. Under this program, we're going to continue to

1 develop the existing and investigate new uses for tires.
2 We'll also continue to educate State and local private
3 sector engineers on the use and benefits of TDA. And in
4 the new Five-Year Plan, we're proposing one million
5 dollars in the fiscal year 08-09 and fiscal year
6 2010-2011, and 500,000 in 2011-2012 for the program.

7 I'm going to let Nate Gauff talk briefly about
8 our research in the RAC area.

9 MR. GAUFF: All right. In the research for RAC,
10 there are two items. One is the highway construction
11 applications using waste tires. And what we're looking to
12 do with that is to look at some of the different areas or
13 different materials that have been in the past lumped with
14 RAC in general. We're looking at terminal blend material,
15 asphalt rubber, chip seals, and rubberized slurry seals.
16 Once again, that list is not exclusive. There may be
17 other things that come up. But right now, those are the
18 things that are on our plate that we want to investigate.
19 We're looking at funding that effort at 650,000 in fiscal
20 year 2007-08 and an additional \$1 million in fiscal year
21 2010-11.

22 The second program that we're looking to fund in
23 the research area is a project involving the recycling of
24 rubberized asphalt. And what we're looking to do is to
25 partner with a local government agency to do a recycle of

1 rubberized asphalt pavement that local government
2 basically had ownership of versus looking at a State
3 highway. We think this will have some benefits with the
4 locals to be able to answer some of the questions that are
5 out there regarding is RAC recyclable. We feel it is, but
6 this is just another step to further reinforce that.
7 We're looking to fund that effort with \$250,000 in fiscal
8 year 2007-08.

9 SUPERVISOR SIMPSON: I'll take over here. I'm
10 Frank Simpson with the Product Promotion and Assistance
11 Section. This next one, the tire-derived product and
12 market materials analysis, is a marketing concept, but it
13 does fall under the Research Program. The analysis will
14 be designed to get a good understanding of tire-derived
15 material and product flow through the market. But it will
16 also establish a mechanism to periodically update that
17 information. So the most current information will be
18 available for decision-making purposes and to improve the
19 Tire Program's various components.

20 The analysis will also be used to validate the
21 annual reporting information that's used for the
22 California waste tire generation markets and the disposal
23 staff report. And that only provides how much
24 tire-derived materials or products are produced, not how
25 the material flows on their availability of the

1 marketplace. This analysis is proposed to be conducted in
2 conjunction with the Tire-Derived Product Business
3 Program. And that activity funding is proposed for
4 \$100,000.

5 And I believe that concludes that section. Are
6 there any more questions?

7 COMMITTEE MEMBER MULÉ: Rosalie Mulé again.

8 Frank, so that would not be an ongoing activity?

9 SUPERVISOR SIMPSON: We had proposed in the last
10 agenda item, Item 20, I believe to look at a \$20,000
11 immediate focus on what's going on in the materials
12 marketplace. This would be a longer version of it.
13 Again, we're not saying that we need an extremely
14 comprehensive report for \$200,000. This is to follow up
15 on that place in time. So at the moment it's not a
16 continuous funding project. But we would hope it would be
17 able to give us continuing data that we could follow up
18 on to make informed decisions on.

19 COMMITTEE MEMBER MULÉ: So I'm trying to
20 understand then. Are we creating a tool then that someone
21 would manage and internally that would provide -- so we'd
22 have someone responsible for ongoing market research and
23 analysis, is that my understanding?

24 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: That's
25 correct.

1 Mitch Delmage, Manager of the Tire Program.

2 The way I'm looking at this is kind of a
3 three-phased approach. We've already come to the Board
4 with a concept through the Business Assistance Program to
5 get kind of a point in time picture of the market just so
6 we can better understand in making our decisions. What we
7 proposed this study to do is to do a more comprehensive
8 look at the market, and then as Frank mentioned, set up a
9 mechanism so that we can do this on an ongoing basis, but
10 not necessarily having to do it through a contractor. If
11 we can build our own internal tools and contacts, we can
12 do it within house. But to me, it's very important to
13 keep our finger on that pulse.

14 And there were some questions in the Committee
15 meeting about what's the difference between this and the
16 study that Boxing does annually. Well, the difference is
17 basically 18 months. Boxing gets information over the
18 course of a year or so, and he puts together a report.
19 And it's very static. It's what happened way back when
20 basically. That does not capture the dynamics of the
21 market. But a study that I'm talking about will help
22 validate what Boxing has done with his, you know, 18 month
23 study.

24 MR. HARVEY: If I might, Scott Harvey.

25 As a follow-up to the nature of these kind of

1 studies what are we hoping to learn, are we through this
2 or another vehicle looking at the obstacles to the
3 expansion of tire-derived products? There's been lots of
4 concerns about leachate, concerns about latex, concerns
5 about odors and ingestion. Do we look at those kinds of
6 things that may be in the public's mind a reason not to
7 use tires. And if we can identify those barriers and do
8 something about them, we might also expand markets.

9 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: That's
10 correct. And the Business Assistance Program working
11 intimately with a variety of the stakeholders should be
12 able to identify those barriers. And then once they're
13 identified, then we have other outreach mechanisms to get
14 the word out. There's also, as I'm sure you've heard from
15 previous speakers, Michael Blumenthal for one, other
16 studies that have been done other places. We don't want
17 to reinvent the wheel. We want to be able to identify the
18 barriers, gather up the data as best we can, and then get
19 the message out that these products are okay. Or if we
20 find out there's a problem, that we can move on to
21 different types of products.

22 MR. HARVEY: So the answer is you're addressing
23 some of those in a different program, not here some.

24 DEPUTY DIRECTOR LEE: If I can also respond to
25 that, Mr. Harvey. I'm sure you can recall of the last

1 iteration we did of the Five-Year Plan, it was the Board's
2 direction at that time that they wanted a modicum of
3 research. They felt that research had been done in a lot
4 of these areas already. It was just a need really to
5 publicize those efforts. As Mitch said, not to reinvent
6 the wheel. I guess, Mr. Blumenthal, the people he
7 represents have talked about the issues. You know, the
8 latex issue is understood. The thing about leachate,
9 again, there have been studies in other states that have
10 been done. And I think it seems more a need to publicize
11 the results of these as opposed to having to repeat them
12 all here.

13 MR. LEVEILLE: This is Terry Leveille.

14 I just want to on this particular item I just
15 want to get some clarification now. We've got Boxing's
16 annual analysis. It always comes about a year late. And
17 then we're going to get that upgraded supposedly by a
18 contract with Cal State Sacramento State. That's going to
19 be due in April, I believe. And that's going to hopefully
20 improve on the data collection. We've got the \$20,000
21 instant look at the markets in the BAP program. And
22 that's going to be performed -- if it's approved, it's
23 going to be performed by a subcontract to Beck; is that
24 correct?

25 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: I

1 believe that is correct.

2 MR. LEVEILLE: And then, the \$100,000 one, would
3 that go out to bid for a contractor?

4 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Yes.

5 MR. LEVEILLE: And that one is essentially more
6 of a -- it's not the same thing as the \$20,000 one. It's
7 more looking at a way to do the \$20,000 instant analysis
8 in a more consistent manner or -- I mean --

9 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Well,
10 hopefully it's actually two parts. It would be a more
11 comprehensive look at the markets. As I think a couple of
12 our stakeholders had indicated, 20,000 wouldn't get you
13 much. So we do want to do a more comprehensive look at
14 the markets. But in the process of doing that, we would
15 like the contractor to develop a tool so that we can keep
16 coming back and getting that information over and over
17 again on a regular basis.

18 MR. LEVEILLE: And you think \$100,000 is an
19 appropriate figure, or is this just sort of thrown out
20 there?

21 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: That's
22 what we come here for. When we have these meetings, we've
23 looked at these numbers. We feel fairly confident that
24 we're in the ballpark. But if somebody has a better
25 understanding and can give us a better figure, we're open

1 to that.

2 SUPERVISOR SIMPSON: And if I may interject, we
3 have had some discussions with Mr. Blumenthal to see if he
4 could help us with that \$20,000 effort. So we might be
5 able to make sure we're not duplicating effort and in fact
6 we're not stepping on some of the material he has already
7 collected. So we're going to try to work in cooperation
8 with him to get some of that data.

9 MR. LEVEILLE: Once you start getting this data,
10 this instant data, is there any need for the Boxing data
11 and/or the Sac State improvement on the Boxing data?

12 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: My hope
13 is that within a few years we'll be able to transition out
14 of the information that Boxing provides and have a much
15 more up-to-date market analysis report that we'll be able
16 to report on maybe quarterly.

17 MS. LEAHY: Rita Leahy, Nichols Consulting
18 Engineers.

19 Mr. Simpson, in terms of the funding for a
20 project of that sort, you might visit with the folks at
21 the Transportation Research Board what is called their
22 synthesis program where they identify a specific topic
23 that is of interest to most of the State DOTs. And they
24 typically fund those projects depending upon the scope and
25 complexity of the topic anywhere from about 25,000 to

1 45,000. I recognize this is a little bit broader topic.
2 But you might consult with those folks to help provide an
3 additional insight as to what a reasonable ballpark
4 funding is for a project of this sort.

5 SUPERVISOR SIMPSON: Thank you.

6 DEPUTY DIRECTOR LEE: Okay. I believe we're
7 ready to move onto the final element of the Five-Year Tire
8 Plan, and that's the markets assessment. And I'll ask
9 Frank Simpson to kind of lead that discussion.

10 SUPERVISOR SIMPSON: Frank Simpson again with
11 Product Promotion and Assistance.

12 If I can direct your attention to page 21, that's
13 at the beginning. For a little background, the goal of
14 our section is to encourage activities that do reduce the
15 number of waste tires that are going into landfill. We do
16 this by focusing on research, business assistance, market
17 development, and product procurement. Eligible applicants
18 for our grants and our program include individuals,
19 businesses, local government, universities, school
20 district, park districts, and qualified California Indian
21 tribes.

22 We had two relatively new programs, both of which
23 are proving to be very successful. The first is the
24 Tire-Derived Product Grant Program. And the second is the
25 Tire Business Assistance and Equipment Program. Now, with

1 both of these, we're carefully monitoring performance, and
2 we're continually asking ourselves the question, are we
3 being effective? And what results should we be achieving?
4 Well, all the way, we're taking a very hard look at our
5 accomplishments in terms of the outcome. Our goals are on
6 track and in some cases ahead of schedule.

7 In the Business Assistance Program, we are
8 serving 19 businesses, and our original goal was 25 by the
9 year 2010. We are on track in determining waste tire
10 generation. And our Tire-Derived Product Grant Program is
11 short, simple, and user friendly.

12 Onto the activities that we're proposing, the
13 social marketing outreach. Now, this campaign was
14 designed to follow up on the tire care survey that was
15 conducted by CSUS Chico and the community-based social
16 marketing pilot project conducted by the California State
17 University San Marcos Foundation. We will be assessing
18 the performance of the original contract with Ogilvey
19 Public Relations Worldwide. And we're proposing to
20 continue funding to provide education and outreach to the
21 public on buying longer live tires, proper tire care and
22 maintenance, disposal, and to promote other tire-derived
23 activities. These projects will be implemented in
24 conjunction with other entities, such as the Rubber
25 Manufacturers Association and the California Tire Dealers

1 Association, to ensure the most cost effective approach to
2 the outreach.

3 The Tire-Derived Product Grant Program; as you
4 know, this program provides grants to local government
5 entities for projects that use tire-derived products such
6 as sports surfacing, rubberized sidewalks, weed abatement
7 covers, mulch, sound barriers, and traffic safety
8 products. Applicants eligible to receive funding must
9 meet all of the eligibility requirements. For instance,
10 projects must divert a minimum number of California waste
11 tires. Grant awards are based on a cap of the dollar
12 amount per tire diverted. Award amounts do have a maximum
13 limit. And applicants who have not participated in this
14 grant program may be eligible for a priority funding. In
15 this way, the projects that are diverting the most tires
16 per dollar spent receive the most benefit from the
17 program. The more jurisdictions that can participate, new
18 jurisdictions are exposed to tire-derived products.

19 The Tire Business Assistance Program, this is an
20 established program that's well on its way to continuing
21 success. The BAP is helping increase demand for
22 tire-derived products for building the capacity and
23 improving cost efficiencies of tire-derived product
24 businesses and assure the availability of the tire-derived
25 raw materials for those products. This is being done by

1 building the capacity and improving the operational and
2 cost efficiencies of TDP businesses by providing technical
3 and consultant assistance as well as equipment. Business
4 owners often have a great deal of expertise in one or two
5 major areas, but they may lack the experience in other
6 critical areas. Eligible businesses may apply for
7 assistance to evaluate and improve their business plan and
8 operations, to enhance their marketing efforts, and to
9 test and certify new products. And the fourth is to
10 purchase of necessary equipment. This program is running
11 in cooperation with the RMDZ Program here at the Board.

12 The next category is CalMAX and Waste Reduction
13 Awards Program, which at one time was called support of
14 other market development activities. In an effort to
15 continue to support our sister programs, we're proposing
16 the continued funding of CalMAX and WRAP. CalMAX is a
17 free service designed to help businesses find markets for
18 non-hazardous materials that have been traditionally
19 discarded, while helping businesses, industries, and
20 institutions save resources and money.

21 In a new section that includes tire haulers,
22 CalMAX will include listers with wanted or available tire
23 products, crumb rubber, or waste and used tires. CalMAX
24 will also feature waste tire related articles in its
25 creative reuse or CalMAX Connections articles, and that

1 will be at least twice a year.

2 WRAP is the Waste Reduction Awards Program, and
3 that provides an opportunity for California businesses to
4 gain public recognition for their outstanding efforts to
5 reduce waste through efficient use of resources and other
6 waste prevention practices. All businesses and private
7 nonprofit organizations with California facilities are
8 encouraged to apply. Efforts include increase in outreach
9 efforts to automotive and tire related businesses through
10 WRAP.

11 The next section is tire events. This allocation
12 allows the Board to hold tire workshops, forums, and/or
13 training. These tire events will provide attendees with
14 up-to-date information on the Board's waste tire
15 management programs and to provide a venue to discuss all
16 aspects of waste tire management, including hauling,
17 manifests, cleanup, and proper disposal, recycled
18 technologies and research and market development
19 activities.

20 Now, these events offer a venue for Board
21 members, staff, and stakeholders to meet and focus on
22 issues of common concern. Wherever possible, events will
23 be conducted in conjunction with other related events
24 organized by organizations like the League of California
25 Cities, the California Public Works Association, and the

1 California State Association of Counties.

2 Our next category is the State agency
3 partnerships to promote the use of tire-derived products.
4 CIWMB will continue to partner with other State agencies
5 to identify cost-effective tire-derived products that can
6 replace existing products being purchased. As part of the
7 effort, these State agencies will be required to provide
8 follow-up reports that detail how successful any of these
9 replacement products perform and also whether the product
10 would be purchased in the future. And in most cases they
11 are. Additionally, any tire-derived products purchased or
12 manufactured must be made with 100 percent California
13 waste tire rubber.

14 Now we have a couple of new proposals for your
15 consideration, and they are as follows. The first is the
16 technical outreach through the Institute of Transportation
17 Studies at U.C. Berkeley. In our visits, we have found
18 that the Institute of Transportation Studies is running a
19 paralegal track to a lot of the goals and ideas that the
20 Board is attempting to accomplish. One is an interactive
21 web-based self-learning tool for civil engineering
22 applications. The proposed contracts would be used to
23 develop interactive online educational tools for user,
24 agency, and private sector engineers, technician -- make
25 that technicians -- and construction personnel as well as

1 academians to support several engineering applications for
2 waste tires.

3 Now, they can develop a variety of modules from
4 overview to detailed design applications which could
5 constitute a complete online training course or could be
6 accessed individually for self-directed learning.
7 Additional tools could include streaming video
8 demonstrations, links to key studies, and references as
9 well as access to free ask an expert technical assistance
10 services.

11 The second tool is a RAC and civil engineering
12 application showcase project. This contract would include
13 development of a mini-documentary on the construction of
14 both RAC and civil engineering projects. A best practice
15 case study might be selected for both RAC and civil
16 engineering, which could be documented from start to
17 finish. The case study will be part of the web-based
18 training proposal that I mentioned previously. The
19 initial activity funding for that would be \$800,000.

20 Now the second new item we have for your
21 consideration is working cooperatively on paving outreach
22 through the Pavement Research Center at California State
23 University Chico. Now we're proposing to partner with the
24 California Pavement Preservation Center to provide a
25 technical services program to local agencies throughout

1 California on tire-derived rubber and its use in highways.
2 The California Pavement Preservation Center was
3 established in July 2006 by Caltrans with an initial
4 funding of \$600,000 per year to provide pavement
5 preservation services to the California Department of
6 Transportation.

7 Now, this proposal is requesting that the Board
8 become an equal partner and match the Caltrans funding to
9 allow the center to provide similar services and training
10 on asphalt rubber strategies to all local agencies and to
11 promote the use of crumb rubber in pavement and civil
12 engineering applications. The scope of this project will
13 focus on providing services and training on various
14 pavement strategies that have been used in California.

15 And I believe that concludes my section. And now
16 I'll turn it back over to Bob.

17 SUPERVISOR FUJII: I'm going to go briefly over
18 our market development efforts in the area to promote TDA.
19 And then I'm going to let Nate Gauff talk about our RAC
20 market development efforts.

21 Under this area that's labeled civil engineering
22 grants and contracts, this is a program that we will
23 continue to support the Board's efforts to promote the use
24 of TDA by awarding some grants or contracts to local
25 governments or construction management oversight, material

1 procurement, and other costs associated with TDA projects.
2 This program will continue to target projects in which TDA
3 is used in applications such as lightweight fill, gas
4 collection at landfills, drainage layer erosion control,
5 or vibration damaging layers in light-rail applications.
6 We've had several successful projects in this area, and
7 it's an area that I think has a lot of promise and will
8 use a significant amount of our waste tires and help us in
9 diverting our waste tires from the landfills.

10 In the current fiscal year 06-07, \$1.5 million is
11 allocated in the Five-Year Plan for this program. For the
12 new Five-Year Plan, we're proposing 2.5 million each
13 fiscal year beginning in 07-08 continuing out through the
14 entire Five-Year Plan iteration. And that's pretty much
15 it for this section.

16 I'll go ahead and turn this over to Nate Gauff,
17 and he'll discuss our RAC market development efforts.

18 MR. GAUFF: In the rubberized asphalt area, we
19 have two continuing efforts. One is the Rubberized
20 Asphalt Concrete Grant. And the other is the support of
21 the Rubberized Asphalt Concrete Technology Centers.

22 Within the grant area, there are two programs
23 that we were looking to continue. One is the Targeted RAC
24 Incentive Program, and the other is the Rubberized Asphalt
25 Concrete Award Grant Program, which was formerly known as

1 the Kuehl Program and will now shortly be known as the
2 Simitian Program.

3 Within the targeted program for fiscal year
4 06-07, the plan allocated \$2.43 million. We're proposing
5 to fund this program for starting or actually in fiscal
6 07-08 at 3,550,886. And then \$2 million per fiscal year
7 for fiscal years 08-09 through 11-12.

8 In the RAC Grant Program, which I think shows up
9 in the draft Five-Year Plan, is the continuation of RAC
10 Use Grant Program, that program currently has originally
11 had \$1.5 million allocated for 06-07, which was a million
12 dollars was added by the Board for a total of 2.5 million
13 for 06-07. And we're looking to continue that program at
14 a funding level of \$3 million in fiscal year 07-08 and \$2
15 million per fiscal year for fiscal years 08-09 and 09-10.
16 And then we have 2,535,886 in 10-11 and 1,710,886 in
17 fiscal year 11-12. So that's it for the grant programs.

18 As far as the Rubberized Asphalt Concrete
19 Technology Center, we are actually looking to continue to
20 support that program. However, Sacramento County has
21 recently opted out of the program. So we're just
22 operating through Los Angeles County right now. So
23 consequently we're looking to fund in 07-08 at 50,000 and
24 leave the remaining funding according to the plan for
25 08-09 through 11-12 at 100,000, anticipating that we'll

1 either expand L.A.'s duties or bring on another center in
2 the northern part of the state. Thank you.

3 SUPERVISOR FUJII: We're going to turn this over
4 to Lillian to talk about our border outreach activity
5 efforts in the market development area.

6 MS. CONROE: Good morning. Bare with me. I'm
7 fighting a sinus cold. I'm Lillian Conroe, Supervisor of
8 Waste Tire Enforcement Section of the southern California
9 area out of our Los Angeles office. We do have an office
10 in Los Angeles, not Long Beach. And I'm also the Board's
11 representative for the California/Baja Border 2012 Task
12 Force.

13 As you know, large numbers of tires continue to
14 flow into Mexico legally and illegally through the border
15 entries and sometimes not through the border entries.
16 These same tires are found along the borders of California
17 and Mexico. These tires that end up along the border
18 regions of Mexico and California are either being dumped
19 illegally at various sites or used for structural purposes
20 in or near the city of Tijuana, Mexico. The federal
21 government of the U.S. EPA has funded cleanup site of
22 waste tires near or along the California/Mexican border
23 last year. And specifically, this tire cleanup was in
24 Centinela, Mexico where they cleaned up almost 500,000
25 tires were cleared from that area.

1 The CIWMB will continue its participation with
2 the Border 2012 California/Baja Task Force working to
3 resolve the issues of illegally dumped waste tires along
4 the border regions. In conjunction, we now have a
5 non-competitive contract with the City of San Diego
6 Environmental Code Health Department to identify
7 stakeholders, infrastructure, or problems associated with
8 the waste tires washing back into the San Diego region.

9 The stakeholders that they have identified and
10 are currently working with are with the City of Tijuana
11 Binational Affairs, Environmental Protection, Inspection,
12 and Verification Treasury, State of Baja, California
13 Environmental Protection, Mexican federal government,
14 Semarnat a Baja Californian, Tijuana River National
15 Estuary Research Reserve, the Mexican Federal Tire
16 Federation. They have been meeting for the last several
17 months with this organization. And out of these
18 organizations, they have created the Tire Outreach
19 Program. And this is the stakeholders they have
20 identified to work with in the tire industry of Mexico.

21 The City of San Diego's Office of Binational
22 Affairs director position was eliminated last year.
23 Therefore, they were able to solicit the assistance of
24 Alejandra Gavaldn, our Intergovernmental Relation
25 Binational Affairs who she currently works out of the City

1 of San Diego's mayor's office. With her support, they
2 have been able to work with these different stakeholders
3 bringing these people together. It's taken almost about
4 six months to even bring these participants together. And
5 they have been meeting in Tijuana regularly on a monthly
6 basis.

7 Other tasks of the contract will include
8 assessment of regulatory requirements of Mexico's existing
9 waste tire requirements, development of an environmental
10 outreach program to inform the communities of Tijuana,
11 Mexico of the health and safety issues associated with
12 waste tires. They will be meeting again January 24th.
13 And from this meeting, they're hoping to come up with the
14 idea to print pamphlets to put out to the community with
15 the assistance of the Federal Tire Federation of Mexico to
16 show the community how to better use these waste tires.
17 When we say structural uses, we find out that they've been
18 using tires for stairs. They've been using tires to put
19 up under their houses. And when the rain comes, because
20 they're not properly used under these structures, they
21 wash down into the basin and wash back into San Diego,
22 creating a big problem, a big health problem.

23 Also, the Board will continue to collaborate with
24 the U.S. EPA and Border Task Force to help develop
25 community outreach, additional training, and technical

1 support to the Mexican tire haulers. We will train and
2 work with Darryl to continue to train with CHP commercial
3 officers who work along the California/Mexican borders of
4 the tire hauler requirements. They will work with us on
5 checkpoints and identification of illegal tire dumping
6 sites where they will report back to us. And therefore
7 once we get these reports back through Darryl, we will be
8 able to send our inspectors out there to see what's going
9 on with these illegal tire dumpings. And with Darryl's
10 equipment such as satellite and cameras, we'll be able to
11 do more surveillance and find out who's doing the dumping.

12 Also, we'll be sharing environmental education
13 materials throughout the border region. With SB 772, it
14 requires the CIWMB to work with Mexico areas relating to
15 waste and used tires, environmental education, and
16 training. In accordance with the Five-Year Plan for the
17 Waste Tire Management Program, which was updated in 2007,
18 Board staff in coordination with the Office of Secretary
19 for Environmental Protection Border Affairs, staff will
20 develop a mechanism with Mexico's Secretary for Republic
21 Education Baja, California and the Baja, California
22 education system allowing for binational distribution of
23 the Cal/EPA and the Board's environmental educational
24 curriculum entitled, "Conservation and Pollution
25 Prevention at a Shared Border."

1 This elementary school curriculum includes
2 lessons that are relevant to prevalent border conditions,
3 land, water, and air, and is consistent with the existing
4 environmental education and training principles in
5 California and Mexico. This education will be in both
6 English and Spanish versions. The curriculum will be
7 provided to border teachers and schools. This curriculum
8 contains scientific and resource-based lessons regarding
9 the border areas with key steps toward environmental
10 sustainability. The goal is to reach out to a minimum of
11 12,000 teachers during 2008 and provide an impact of
12 school districts on both sides of the border.

13 This project will require the allocation of funds
14 for the purpose of reproducing and distributing the above
15 publication through a CalePA, CIWMB, Mexico Mechanism work
16 plan with participation by the general public, local
17 government, both sides of the border during fiscal years
18 2007-2008 and 2008-2009.

19 Also, the development application of Integrated
20 Waste Management Plans in the state of Baja, California.
21 As you know, in 2003, Mexico passed a law for Integrated
22 Waste Management to promote proper waste management
23 practices for diverse waste streams and encourage
24 reduction, reuse, and recycling of waste. In December
25 2006, Mexico passed a regulation for the IWM law. One of

1 the activities that are required under the IWM law is for
2 municipalities to assist waste streams and develop a Waste
3 Management Plan.

4 The state in this case, the state of Baja,
5 California, will need to work with each of the
6 municipalities to prepare Waste Management Plans and
7 enforce the application. The purpose of this project is
8 to support the state of Baja, California to develop and
9 implement Waste Management Practices at a municipal level
10 which ultimately will benefit the border region and assist
11 to minimize environmental impacts of California. And all
12 of this will be done through our participation with the
13 Border 2012 Task Force.

14 All of these programs will include tasks to
15 include: Undertaking scoping meetings with the state of
16 Baja, California and municipalities of Tijuana, Mexicali,
17 Rosarita, and Ensenada, the Mexican Environmental
18 Ministries, and other interested stakeholders to define
19 potential waste stream priorities, identify existing
20 conditions and needs to properly manage the waste
21 priorities including requirements to comply with IWM law
22 and local or state laws and potential industry partners.

23 In coordination with municipalities, develop a
24 model Waste Management Plan for each respective waste
25 stream identified. The potential waste streams that have

1 been considered, priorities include used oil, scrap tires,
2 electronic waste. However, municipalities can recommend
3 other waste streams based on assessment which would meet
4 the needs to be conducted.

5 Activity funding include for 2007-2008 25,000;
6 2008-2009, 195,000; 2009-2010, 35,886; and for the final
7 year 2010 through 2012, \$25,000, per fiscal year.

8 Are there any questions?

9 DEPUTY DIRECTOR LEE: In the concluding section,
10 I think Sally French wants to update us on the
11 administrative costs.

12 MS. FRENCH: I'm Sally French with the Waste Tire
13 Program. I just wanted to acknowledge the three other
14 expenditures that are listed in the Five-Year Plan. We
15 have the CIWMB administration, which covers our costs to
16 our administrative offices such as our executive
17 management accounting, human resources, grants, business
18 assistance, or business services, small office, and our
19 pro rata towards the CIWMB expenses. So that is out
20 \$1,878,163 per fiscal year.

21 In addition, we have our mandatory contracts
22 which is our attorney general's office, Board of
23 Equalization who collects our fee, Department of Finance
24 who provides our audits, our Foundation of California
25 Community Colleges who provides our students, our

1 Governor's Office of Planning and Research who does the
2 State's Clearinghouse, our Office of Administrative
3 Hearings, Peters Shorthand Reporting, which is here today,
4 and Professional Recovery Systems, and the University of
5 California Davis. And our mandatory contracts are at
6 \$1,372,196 per fiscal year.

7 And last, we have a proposal that was put in the
8 plan maybe five years ago from our former Board Member
9 Paparian where he wanted to do a program evaluation. And
10 this will be conducted by a third party to perform a
11 review of the Tire Program to determine whether
12 adjustments should be made to enhance the program
13 selection and dissemination of our results. So that's at
14 250,000, and that is for fiscal year 07-08.

15 So I think we're ready for our stakeholder
16 comments. And we just received one comment, I think a
17 written comment, that Mitch wants to acknowledge.

18 DEPUTY DIRECTOR LEE: Just one thing before we
19 get started with the stakeholder comments. Again, I want
20 to make sure that on the market development side we'd
21 appreciate it if you would be responsive again to the
22 staff's proposal with regards to the Tire Business
23 Assistance Program. Staff views this as a core element
24 going forward. There was discussion at this month's Board
25 meeting about some proposed staff revisions where the

1 Board asked us to ensure that there was fuller discussion
2 with regards to fuller discussion with stakeholders on
3 some of the proposed revisions. So again we would
4 appreciate if you take the time again to address that item
5 specifically.

6 With that, Mitch, why don't you read the item I
7 guess we've received over the Internet there? And then
8 we'll open it up to the people in the audience.

9 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: Mitch
10 Delmage, Manager of the Tire Program.

11 This was received this morning from Jim
12 Dodenhoff. And I'm not going to read it all, because
13 we'll incorporate it into the record and it will be
14 available online. But primarily he has interest in the
15 U.S./Mexico border initiatives and hopes we can go beyond
16 just assistance. He acknowledges that we do have some
17 issues regarding being able to fund various projects in
18 Mexico. He also has an interest in the Board working with
19 the Legislature to change legislation that currently
20 prevents the Board from promoting the use of tires as a
21 tire-derived fuel product.

22 And then finally he talks about the Five-Year
23 Plan and that he would suggest that we have a written
24 narrative analysis of major stakeholder concerns, issues,
25 and input explaining how the Board took this input into

1 account and the basis for its response to the input.

2 Accompanying with this e-mail is a letter that he
3 had sent to the Board members back on October 24th that
4 mentions the same things that I've just gone over. So
5 this will be incorporated into the official record.

6 That being said, do we have some questions?

7 MS. FRENCH: Our first speaker is Michael
8 Blumenthal from RMA.

9 MR. BLUMENTHAL: My name is Michael Blumenthal.
10 I'm with the Rubber Manufacturers Association who
11 represents the eight U.S. based tire manufacturers.

12 I have a series of questions and comments and
13 recommendations. We have submitted a letter to the Waste
14 Board members. I will submit the letter. I'll give the
15 letter to Mitch so you can enter it into the public
16 record.

17 I want to start first by a statement and I want
18 to talk to the young lady from the Los Angeles office. We
19 have a statement. We have just entered into a formal
20 agreement with the EPA out of Washington where we will be
21 doing a U.S./Mexico scrap tire workshop on market
22 development issues. We have a series of technical
23 workshops. We have a series of technical presentations,
24 everything from how to start a business to how to market.
25 Anything under the sun that you can imagine. So between

1 EPA and RMA, we will be conducting a series of workshops
2 along the U.S./Mexico border basically from San Diego to
3 Brownsville, Texas, and we wanted to get started this
4 year.

5 If you make it past lunch, I'd like to sit down
6 with you and discuss working together on this and how we
7 can leverage our resources. Because our goal is to put on
8 at least two workshops in each of the four states in the
9 U.S. in the next year, year-and-a-half. And with the
10 combined efforts of your office, plus the projects at San
11 Diego State, plus everything -- and this is all under
12 Border 2012. So I think there's a lot of things that we
13 can do together to move this one forward. And we do bring
14 a good number of technical resources that I don't think
15 you folks have. So we need to talk about that.

16 Okay. On the comments, per se. Let me start off
17 at the beginning on the enforcement and abatement
18 projects. We think that this is necessary. We like the
19 idea that enforcement is out there. But it seems to be a
20 fairly stagnant program. We'd like to see the enforcement
21 aspect kicked up. We think you need to do spot
22 inspections on an unannounced basis to keep the haulers
23 honest, if you will.

24 We think you also need to advertise a little bit
25 better the impact of this enforcement action. I think you

1 need to work with the Attorney General's Office to make
2 sure that those who are brought to trial or in front of a
3 judge receive the right type of punishment, and that
4 punishment should be made public. Maybe get into Terry
5 Leveille's newsletter and get the word out that the folks
6 here in California are very serious about the enforcement
7 aspect.

8 I don't think dumping is a major, major concern
9 here. It's not a major problem. But enforcement does
10 tend to keep the industry in line, and it helps to resolve
11 any underlying questions about the industry.

12 As far as the abatement is concerned, I think
13 it's great that you've gotten the last of the major fire
14 sites all cleaned up. And I think the concept of being
15 100 percent tire-dump free is within your sights and
16 grasp. As far as we know, there's probably less than two
17 million known tires and piles around the state. And I
18 think that in the next year, year-and-a-half, the Board
19 should do a concerted effort to abate all the remaining
20 piles. I think it would be good. You certainly have the
21 funds. You certainly know where they are. You certainly
22 have all this ability to identify where the piles are. I
23 think it's time you start to clean the piles up, get rid
24 of them once and for all. They won't be there.

25 And I also would suggest as you start looking for

1 piles and clean up piles, you will find other piles,
2 perhaps smaller, but better hidden. And those need to be
3 obviously added to the list of piles that need to be
4 cleaned up. I think along the lines you're going to hit
5 some sort of magic number, 1,000 in a pile, 5,000 in a
6 pile, that you will have very difficult times getting to
7 them and the cost to pick them up might be expensive. I
8 think those would be probably best managed by doing the
9 local amnesty days. We could get a local group to do a
10 pile, say, under 1,000 tires. You can do it over a
11 weekend, make it a nice event. And you certainly have the
12 funds for that.

13 I think the LEAs can help you identify where
14 everything is. I think with a concerted effort in the
15 next 18 months, you should be pile free. And I think that
16 should be a priority here in the state.

17 And then obviously continue with the
18 surveillance. You never know who's doing what. But if
19 you do find more tire piles, I think it's important to go
20 after who's been doing that. And that gets back to the
21 whole thing on enforcement and really managing the
22 manifest system.

23 Research, there's an awful lot of information out
24 on TDA. As far as I can see, there's probably close to
25 300 reports on the Internet alone, between the RMA website

1 and the University of Maine website. There is a
2 considerable number of reports that are already out there.

3 The EPA resource conservation challenge; the
4 civil engineering subcommittee is doing a concerted effort
5 to gather all state reports on TDA or civil engineering
6 application, whatever you want to call it. So far, two
7 states have submitted their reports. One is a Ohio. The
8 other one is South Carolina.

9 There's a lot of information out there. I think
10 working through the osmosis of the RCC civil engineering
11 subcommittee you can leverage a lot of the things that you
12 are looking to do. The research is already out there.
13 Dana Humphrey is working on -- he's going to complete a
14 comprehensive compendium of all leachate reports. That
15 report has gone through a technical review, and it should
16 be out any day now. So that will be added to the library
17 of materials already on the website. So there is an awful
18 lot of information out there.

19 I think a key element is getting the information
20 to the right audience. And I don't think the scrap tire
21 processors are necessarily the right audience. Need to go
22 to Caltrans. Need to go to the consulting engineers.
23 There is a whole series of ready-made presentations. Dana
24 Humphrey has most of them. We have a couple of them. I
25 think working through things like TRB and through the

1 Department of Public Works and the counties you have
2 enough venues out there. I think it's not time to do a
3 concerted effort on education to the potential end users.
4 I think you need to get ahold of the Association of
5 General Contractors and get them involved. Things we're
6 trying to do through the offices of the Industrial
7 Resources Council, which we would be happy to work with
8 you on this as well.

9 The audience has changed. The target audience
10 has changed. You have all the information, but the
11 historic way to train, to get the information out, and the
12 audience that you need to get to have changed. And I
13 don't think that is anywhere in any of your plans. You
14 talk about the possibility of doing workshops, and you
15 certainly have the funds. But I think staff has to start
16 thinking outside the box to some of the venues that will
17 get you to the right audiences, and especially on TDA.
18 Like I said, you have the world's best consulting engineer
19 working on this. There's enough information out there. I
20 think this should be a fairly simple approach to getting
21 the right information to the right audiences.

22 As far as work on RAC is concerned, now let me go
23 over two items at once. One is research on RAC and the
24 other one is the funding on RAC. We are not opposed to
25 RAC. And I hope my comments are not construed as being

1 opposed to RAC. But when you look at the investment that
2 the State is making relative to the number of pounds of
3 ground rubber going into a single market, I think it's
4 somewhat skewed. You have not just a budget from this
5 organization, but you have money coming from the Senate
6 and from the Legislature mandating expenditure of money.
7 You have six to eight million dollars going for basically
8 three million tires worth of rubber out there. That is
9 not a cost effective manner.

10 So I'd like to suggest that maybe you start
11 thinking a little bit differently on RAC. Yes, you have
12 all these grants, but we haven't seen any real follow up
13 with the grants. We don't know what the basic issues are.
14 There's been no reports about what kind of technical
15 problems that you had. Now once upon a time, you used to
16 have two technical centers on this. I'm not saying they
17 did or didn't do their work. But perhaps a revision of
18 some sort of technical expertise, to work with the
19 contractors, to work with the paving companies, and to get
20 the audience.

21 The target market is not just Caltrans, the
22 counties and the cities obviously. So when you do these
23 types of venues for TDA, it's the same audience for RAC.
24 You can kill two birds with one stone. And having booths
25 at these types of venues, I think with the right message

1 in front of the right audience -- this is not a one-year
2 venue.

3 This is an ongoing continuous education effort.
4 I've been working in this for 20 years, and I still have
5 the same dog and pony shows. It takes time. If you have
6 lots of resources and you can do a concerted effort, I
7 think you can start making some real headway. That
8 coupled with some specific grants to get new people in
9 there I think is certainly work. But there's been no
10 follow-up on what have the problems in the field have
11 been. What have the results been?

12 And from this, you can tailor your technical
13 assistance. I think you have enough resources to get the
14 technical assistance out there. Teach them how to use it.
15 Don't just give them the money to use it. I also think
16 you have to unfortunately go back and answer the four
17 questions that have held up this market for an awfully
18 long time. Because it's not specific to California.

19 These are just the four historical questions of
20 why we shouldn't be using RAC: Cost analysis. Life cycle
21 cost versus the up-front cost. Second one is
22 recyclability. Third one is performance. And the fourth
23 one is any kind of environmental concerns with adding
24 rubber to the asphalt itself.

25 There's enough information out there. I think if

1 you do a concerted effort to work with those who have that
2 information and keep that -- put that as part of your
3 package when you go to the counties, to the consulting
4 engineers, to the mayors, to the public. You have enough
5 information out there to answer the questions before they
6 are asked. Now will this resolve the issue? I would like
7 to say yes. But after 20 years, we realize that no, those
8 that won't look at the information won't get the
9 information. But once again, it's a continuous effort.

10 As long as you have it there, it should be part of your
11 arsenal of continuing education to advance these markets.

12 So basically the effort on RAC should be focused
13 on the technical aspects, lesser on the subsidizing the
14 cost of it. We do not believe that trying to subsidize or
15 do any actual subsidy of a market is a long-term
16 successful program. You take away the funds. How many
17 people will continue to use the RAC? I think about 80
18 percent. You're not getting a lot of new people out
19 there. I think once again the better emphasis should be
20 placed on technical assistance that certainly is out
21 there.

22 On the new technologies and research, as a
23 general statement, our association does not believe that
24 any money from a public organization like the Waste Board
25 should be going directly to a private company. That kind

1 of grant we've always had a problem with this. This is
2 not the first time I've talked about it. Specifically
3 through the BAP Program and through your other market
4 development programs, we think the moneys would be better
5 spent working on expanding the demand for whatever
6 products are out there. As was mentioned before by
7 Mr. Harvey and which you had indicated that you would be
8 doing, getting out and identifying and addressing the
9 obstacles is one component of that.

10 You have the basics of it. There's a lot of
11 information out there. I think you need to kick that up
12 sooner as opposed to later. It's going to eventually when
13 you finish this one section, the first phase of the BAP
14 program, you're ultimately going to get to a point where
15 all of the ground rubber producers are saying, "Our basic
16 problem is really we don't have enough markets." You need
17 more markets, or we're facing certain common obstacles.
18 These are well known. There's information out there. I
19 think it's money better spent to address the obstacles
20 that are out there that basically allow the market to work
21 better.

22 There's a lot of misinformation about tires and
23 tire-derived products. And I think that the credibility
24 of the agency can enhance the flow of information. And
25 once again, we certainly are willing to work with you on

1 that. But basic money to go.

2 I've heard things talking and certain key phrases
3 about working with the industry on basically what comes
4 down to creation of production capacity, which we think is
5 a real fallacy. If you put money into production
6 capacity, you're going to get more ground rubber out
7 there. But you're facing the problem of once you have it,
8 what do you do with it? If the industry is saying there's
9 already demand out there and we need to create more ground
10 rubber, then maybe you shouldn't be doing anything. But
11 what we're seeing is there still are obstacles out there,
12 and we're thinking you need to grow the marketplace. And
13 we have some of our programs I think that would work
14 nicely here in California.

15 On April 16th and 17th in Charleston, South
16 Carolina, we in conjunction with the Asphalt Rubber
17 Technology Service of Clemson University and the South
18 Carolina Department of Health Services will put together a
19 workshop on the use of ground rubber in molded and
20 extruded rubber and plastic products. And I think
21 ultimately that's where you're going to go. And I think
22 these kinds of programs would work well here and would
23 like to talk to you about a joint project on that as well.

24 So the bottom line is when it comes to research,
25 put the money into the demand side, not into the supply

1 side.

2 Looking -- I made notes.

3 On the education process, we are ready and
4 anxious to work with you on the Tire Care and Maintenance
5 Program. We'll have some people here next month. I will
6 actually not be at next month's meeting, but we'll have
7 two other RMA people here talking to the people from
8 Ogilvy and hopefully Jon Myer on the education program.
9 So we're looking to cooperate on that.

10 And getting back to the U.S./Mexico border area,
11 I do think you need to beef that up, in light of there's
12 going to be more educational opportunities there. I think
13 you may need some more resources there as well.

14 And with that, I think I've covered the ground.
15 Thank you.

16 DEPUTY DIRECTOR LEE: Michael, if I may while
17 I've got the floor there. I know that you're a very
18 astute observer of developments in all the states and even
19 indeed in some of the other countries. Perhaps you could
20 comment on -- you've mentioned our need to expand the work
21 on the demand side as opposed to the supply side. Can you
22 point to other states, other countries that are doing it
23 better than have some elements/programs that we should be
24 including here?

25 MR. BLUMENTHAL: Well, if you look at what

1 they're doing in the E.U. where basically the tire
2 manufacturers have taken over the management of the market
3 development, the money that they're putting into the
4 research into their tire programs there are all going to
5 advancing markets: Fuel, civil engineering, ground rubber
6 markets. They're putting the money in that. No money is
7 being spent on the capacity to make more ground rubber or
8 other tire-derived products.

9 DEPUTY DIRECTOR LEE: What are they doing to
10 enhance these markets though specifically?

11 MR. BLUMENTHAL: Basically, they are getting the
12 information to the end users. My office has been giving
13 our European counterparts information on putting tires
14 into pulp and paper mills there and tires into civil
15 engineering applications, tires into furnaces. Basically,
16 their focus is on getting information to potential end
17 users to answer their technical questions.

18 DEPUTY DIRECTOR LEE: Are you aware that was --
19 this kind of element of trying to get information, you
20 know, to users of virgin product, trying to get them to
21 utilize recycled products, was one of the elements one of
22 the proposed sector studies we proposed as part of the
23 Business Assistance Program?

24 MR. BLUMENTHAL: Right. That is a relatively new
25 area. There really hasn't been any concerted effort as

1 far as I know of looking at how do you actually work with
2 the potential end users of the raw material and getting
3 that material -- getting the ground rubber into a finished
4 product.

5 There are a good number of companies that have
6 done it on their own, done the research on their own. But
7 very few state programs have actually worked with this. I
8 can only think of two in particular -- I'm sorry -- three
9 in particular: North Carolina, South Carolina, and the
10 state of Illinois, the only states I know that have
11 actually worked with the companies that can actually
12 incorporate ground rubber into a new product. So that's a
13 relatively new area, and I think that is a very
14 significant potential growth area. But the problem that
15 we're seeing is there's not a lot of information out
16 there.

17 DEPUTY DIRECTOR LEE: Thank you, Michael.

18 MS. FRENCH: Our next speaker is Terry Leveille
19 from TL & Associates.

20 MR. LEVEILLE: Hi. Thank you. I've got a few
21 comments. But I want to reiterate I do represent the
22 California Tire Dealers Association as well as a couple of
23 tire recyclers, Lakin Tire West and BAS Tire Recycling, as
24 well as the Tire Retread Information Bureau. So my
25 comments are primarily from the tire dealers, but

1 interspersed in there are some ideas that I've been
2 forwarded from my other clients as well.

3 I wrote a letter to the Board back in October,
4 which I'm sure that the staff has received as well,
5 outlining some of the thoughts of the tire dealers and
6 dealing with the Five-Year Plan in a general sense and
7 looking at the big picture. I did mention a few specific
8 programs that we wanted more attention to. And I'd kind
9 of like to reiterate some of the issues that I raised then
10 for this gathering, because we haven't had the chance to
11 at least talk about that.

12 And what I tried to do was look at the original
13 intent of the legislation SB 876 and the development of
14 the Five-Year Program and see how the Board has handled
15 the Tire Program over the past 15 years the Board has been
16 in existence and see where we can go from here.

17 I saw the original intent of 876 as being
18 primarily cleaning up tire piles; secondarily, to help
19 develop markets and divert tires from landfills and
20 develop markets for tire-derived products. That first
21 goal has been accomplished. It really has. And I think
22 we all have acknowledged that it's been I think one of the
23 highlights of the Board's Tire Programs over the last
24 five, six years is the fact that basically there are no
25 more big tire piles. No more fear at this point right now

1 of having a huge tire fire that's going to burn for
2 two years. Except on the border, but is that on the other
3 side? Well, we have to pay attention to that, too. But
4 never the less, in the state of California, whether by the
5 Board's active remediation programs that you've seen up in
6 Sonoma or by fires, we've basically taken care of that
7 problem.

8 And I think that we could take a look at the
9 remediation section, which I notice is still \$6 million or
10 so. The cleanup and remediation activities is still
11 around the \$6 million range, and including the \$1 million
12 Emergency Reserve Account which is mandated by State law.
13 And we would like to see that reduced to around \$3
14 million. You alternate in the next few years between 6
15 million and 4.5 or \$6 million. We think it can be -- we
16 think that can be reduced easily to \$3 million in the
17 budget for cleanup, abatement, remedial action. We would
18 like to see, of course -- the tire dealers would like to
19 see the Farm and Ranch Solid Waste Cleanup Abatement Grant
20 Program reduced from 400,000, which is scheduled annually,
21 to around 50,000 or even 100,000. It just simply is a
22 program where the Waste Board is using the Tire Fund to
23 clean up a lot of refrigerators and other debris as well
24 as some tires.

25 I did point out that in the last three projects

1 costing \$190,000 in this program, it cleaned up -- and
2 90,000 of that came from the Tire Fund. It cleaned up a
3 total of 420 tires. Now, I know that's small. I know you
4 do more for that. You do clean up more tires in other
5 projects. But it was just an example we think just in all
6 fairness sake that most of that money should come from the
7 Integrated Waste Management Account and not the Tire Fund.
8 And I've raised this issue before.

9 We think that there should be an ongoing program
10 for local government to clean up tire piles. There's
11 nothing wrong with that. Amnesty Day Programs are fine.
12 There's a need for continuous monitoring so that we don't
13 build up tire piles again in the future. So that's why we
14 still think that this program is good.

15 We like the idea of the programs of the Waste
16 Tire Manifest System. Keith Cambridge and his staff have
17 done an excellent job in starting the conversion from the
18 paper manifest to the electronic data transfer. A number
19 of stakeholders have talked to me about we're still
20 dealing with paper with the comprehensive trip logs.
21 Let's move all the way toward electronic data transfer.
22 Let's move to a paperless program.

23 And my suggestion on this program, which is, you
24 know, funded at about a million dollars a year, would be
25 to have maybe a pilot project looking at a way we could do

1 away with all the paper comprehensive trip logs all
2 together and make everything automated. Give the haulers
3 the tools, the little computers they have at the
4 rent-a-car places, and have each hauler be able to print
5 out the thing and send it electronically to the Waste
6 Board. This would not only help the haulers, the tire
7 dealers, the end users, but it would also help the Board.
8 It would help reduce your costs. Any time we're moving
9 paper -- plus it goes a lot toward reducing waste. Any
10 time we're reducing paper, we're working on the right
11 track.

12 I would like to see -- and I think this would be
13 a great project. I've had some stakeholders say all we
14 need is a grant program to provide us with these little
15 machines so that our haulers can just send the stuff up
16 electronically. Each one costs a couple thousand dollars.
17 It may mean more -- I think maybe a study into a way that
18 we could reduce this paper on this electronic data
19 transfer would be a good way to start that process. So
20 that would be a suggestion in that regard.

21 Once again just to repeat, we like the cleanups
22 at the local level. We like the manifest system. We like
23 the Enforcement Program. We like the idea of the local
24 enforcement. I think that's moving away from what used to
25 be six staffers going to each tire dealer once every year

1 or two to putting this onus on the locals is fine. Just
2 to remind that we need to constantly be monitoring the
3 locals so that they do use the money judiciously and don't
4 overspend, don't use it for cars and that type of thing.
5 This issue has been brought up before by Board Member
6 Paparian. And I know the Board has been looking at that
7 and will continue to monitor that.

8 The programs that need to be continually
9 re-examin that's research and marketing. And I think that
10 Michael Blumenthal has raised a number of issues on
11 specific programs. We agree. We think that we should
12 look at racheting down the RAC Grant Programs. We like
13 the targeted RAC Grant Program. But once again, down the
14 line I know the Simidian Grant Program deals with the
15 ongoing use of RAC by cities and counties that used it
16 before. It's such a good product. We think that in a
17 couple of years from now, you know, it's really not
18 necessary to continually subsidize locals if they haven't
19 learned it by now.

20 We like the idea of pushing for TDA and grants
21 for TDA. I know it does -- I didn't understand a little
22 bit of overlap. You have a program in the research
23 portion for TDA for civil engineering. And you have 2.5
24 million in the market development for contracts and grants
25 on TDA. I don't think as yet we've even seen a grant for

1 TDA. It's always been a contract where the Board has gone
2 out and basically subsidized Caltrans or another agency --
3 I guess it's been mostly Caltrans -- but for different
4 projects.

5 You know, I think this is a tremendous
6 opportunity to use and divert more and more tires.
7 Because as you all well know, the civil engineering
8 projects can per project divert significant numbers of
9 tires from the landfills. And we've got a couple of
10 companies that can make the stuff. They're just waiting
11 and waiting for the request to deliver it. So that kind
12 of stuff is okay.

13 This is the first I've seen on the two new
14 programs on the market development, the outreach for the
15 Institute of Transportation and the paving outreach. You
16 know, I don't really have any comments on it, because I
17 don't really know that much about it. But overall, what
18 we would like to see, the 14 or 15 or \$13 million that
19 goes to market development in the outer years, maybe not
20 in the next couple of years, but in the outer years,
21 winnowed down to a point where we see -- from the tire
22 dealers' standpoint, we could see the program could be run
23 on \$20 million a year.

24 Right now, you're budgeting around 33 million.
25 You're collecting from the tire dealers through the tire

1 fee close to \$40 million a year. Right now, there's over
2 a \$20 million reserve, or what we call an overage -- what
3 do you call it? This year it's 24.5 million. And there's
4 an expectation that the Board is going to get five million
5 extra from the Board -- the Legislature. So it will still
6 be over \$20 million. You're only spending \$33 million.
7 So you got 6, \$7 million every year more coming into the
8 program than you can spend. You got 15 to \$17 million. I
9 think it's around \$17 million in the Legislature right now
10 that they borrowed a few years ago that's supposed to come
11 back to the Board in '09. So, I mean, you could
12 conceivably be having a fund balance or a fund reserve of
13 close to \$40 million.

14 You know, there's too much money coming into the
15 program. The program needs to look at cutting back. And
16 our suggestion from the tire dealers' standpoint is that
17 in a couple of years, take a big hard look at this at the
18 programs. And you know, we'll work with the Board. And
19 if you can justify these things -- and I know there's
20 always ways to argue for specific programs. But take a
21 good hard look at what we've got here and strongly
22 consider working with us to pass legislation to reduce the
23 fee from the current dollar that goes into the Tire Fund
24 every year to about 50 cents.

25 DEPUTY DIRECTOR LEE: Thank you, Mr. Leveille.

1 We very much appreciate your comments in this regard.

2 Just a couple of quick responses.

3 Again, as I'm sure you're aware, not all the fee
4 goes to us. Part of it goes for Air Resources programs.
5 And then the Legislature has a lot to say about the amount
6 of the tire fee that's imposed.

7 And I understand again a lot of the people you
8 represent, the tire dealers, again would prefer the fee to
9 be reduced. But I know that you're also again as the
10 editor of a newsletter that's much like Mr. Blumenthal
11 that kind of takes the pulse of what's happening in the
12 industry, I'd like to ask you again in this broader role
13 that you play your comment, your response to the question
14 of who is doing it better. What program, what state, what
15 country has elements that we could incorporate as part of
16 this effort?

17 And again as a corollary to that, if you can
18 respond to some information that was in your newsletter a
19 couple months ago that talked about the various diversion
20 rates for the state. I think you showed that California
21 was 15, 16 somewhere in that neighborhood. If you can
22 comment on what these other states are doing that have
23 their higher recycling rates, you know, just for my
24 edification.

25 MR. LEVEILLE: Well, I have to probably defer to

1 Mr. Blumenthal on the diversion rates. Because as you
2 well know that California and the RMA, it's like comparing
3 apples and oranges as far as diversion rates as to what
4 California considers diversion and what the RMA does. The
5 RMA doesn't take into account used tires and, you know,
6 exported tires and that type of thing. And once again, I
7 focus on California. I mean, I'm not saying that
8 California isn't a model. I think that they should be
9 rated higher than 16th in the nation, personally. But
10 that's for the RMA to decide on that.

11 I think overall that you've done a good job. And
12 you've done such a good job that now is the time to start
13 taking a hard look at the program and seeing areas that we
14 can cut back. We're starting to see markets grow. You're
15 starting to see, you know, even companies like Rubber
16 Sidewalks who five years ago was, you know, just
17 considered a thought or a dream of some guys. You're
18 starting to see that kind of stuff expand. You're seeing
19 very great success in the Asphalt Rubber Program. You
20 know, your Cleanup Programs, your Amnesty Day Programs
21 have been all very successful. Your Tire-Derived Product
22 Grant Programs have -- there's so much demand for this
23 stuff, it's gone off the wall.

24 But once again, I'll echo Mr. Blumenthal's
25 concern is that will these cities and counties, will they

1 buy this product without the subsidy? Well, my question
2 to you is that do you want to continually subsidize these
3 products for the next five or ten years? If they won't
4 stand on their own, you know, they shouldn't be
5 continually given government subsidies for buying a
6 playground cover or that type of thing.

7 Once again, I think you've got a couple of years
8 here. I'm not saying anything immediate. But I think we
9 have to take a good hard look at the program and see where
10 the successes and failures have been. And I've seen a lot
11 of successes here. You know, I'm not denigrating the
12 program. I'm saying there's an artificially -- too much
13 money coming into the program. And I know that you guys
14 have trouble even dealing with that. It's obvious when
15 there's 30, \$40 million in a fund reserve. So it's not
16 saying that you're not doing better than other states.
17 Michael Blumenthal may have some other ideas. But you
18 know, I think I'd have to defer to him.

19 DEPUTY DIRECTOR LEE: I appreciate your comments,
20 Terry.

21 Michael, just for the audience, would you kind of
22 elaborate again on how these other states are achieving
23 their higher diversion states?

24 MR. BLUMENTHAL: The way we came up with the
25 ranking was we looked at all of the factors. And yes, we

1 do not count tires that go into retreads. There's not
2 anything wrong with retreads. We more than fully support
3 retreads. It's just retreading is not a scrap tire
4 program. It's higher than that.

5 But the way we looked at it is the number of
6 tires going into landfills. You still have about ten to
7 twelve million tires going into landfills. Number of
8 tires that are in piles, as well as tires that are going
9 into a market, all markets, relative to number of tires
10 that you produce every year.

11 If you take a look at the states that are ranked
12 higher than California, they have virtually -- if not all
13 of their tire piles gone, they do not allow tires to go
14 into landfills or monofills. That's where the big numbers
15 come in. That's one of the major factors -- two of the
16 major factors that affect state rankings.

17 DEPUTY DIRECTOR LEE: Isn't it also the case they
18 also have significantly higher rates of incineration of
19 tires?

20 MR. BLUMENTHAL: The term incineration is
21 technically incorrect. It is energy recovery.

22 DEPUTY DIRECTOR LEE: The point I was making
23 again is the state of California cannot financially
24 support that here. We need to look for our diversion in
25 other ways.

1 MR. BLUMENTHAL: Well, if you look at these other
2 states, they do support other markets. But they do not
3 dictate where the tires go. As a matter of fact, the way
4 they look at it is they have supported all the markets.
5 But they do not have -- number one, they don't have the
6 kind of budget that the state of California has. Number
7 two, they don't put money into direct subsidies into the
8 markets. And three, they basically level the field of
9 where tires can go.

10 Quite honestly, California doesn't have some of
11 the tire-derived fuels end users as these other states do.
12 They don't have papermills. They don't have powerplants
13 that can take tires. So it's not even an apple/apple
14 comparison.

15 DEPUTY DIRECTOR LEE: Thank you, Michael. That
16 was the point I wanted to get across.

17 Sally, who's next up for comments?

18 MS. FRENCH: Barry Takallou with CRM.

19 MR. TAKALLOU: I'm Barry Takallou with CRM.

20 Some questions about nationwide activities. We
21 have tire recycling facilities in California, Arizona, and
22 now in New York. And I just want to give you our point of
23 view as a processor who processes tires nationwide.

24 We're involved with working California since
25 1989. The staff in front of us have done a tremendous

1 job, the Board members. And Jim asked the question, how
2 do you rank the program nationwide? And based on my
3 estimation of practice in three states, put California
4 number one. Because we are focusing on adding value, not
5 just conversion, beneficial use. Not just to get rid of
6 the tires. You want to call it incineration, tire to
7 energy, I have nothing against that. But we are dealing
8 added value.

9 I attended two months ago Synthetic Turf Council
10 meeting in Atlanta. There was some statistics which I
11 couldn't believe. This past year, 1100 fields used
12 synthetic turf. Each field uses 250,000 pounds of crumb
13 rubber. That's close to 250 million pounds of crumb
14 rubber. That's about 25 million tires a year. In
15 United States, we have 52,000 fields. And the expectation
16 of Synthetic Field Council is an annual growth is 20
17 percent. Guess what? Two of the California-based crumb
18 rubber processors supplied 50 percent of this market. You
19 know, that's achievement. And we couldn't have done this
20 without a partnership, private/public partnership,
21 processors developed with Waste Management Board. So
22 let's think about the success.

23 At the same time, the state of New York, two
24 large companies, the Lafarge Cement Company, they get a
25 permit to burn tires. And at the eleventh hour, they

1 decided not to burn it because the burning was not
2 financially beneficial for them to burn tires.

3 International paper decided to go against burning
4 tires after the fighting in the Supreme Court for many
5 years to burn them, and then decided on their own not to
6 do it. And why? And going back to Synthetic Turf
7 Council. They need our rubber. If we do not produce that
8 granulated rubber, we cannot have synthetic turf. And
9 they invited us to their meeting to ask -- they want to
10 put us in connection with them. Because at the rate of
11 increasing 20 percent, 20 percent of the 250 million
12 pounds, you're looking at 50 million pounds extra need for
13 '07. So we're playing a big role in this industry,
14 synthetic turf industry, and the future of it. Because as
15 I mentioned, two of the regional-based California company
16 supply 50 percent of that market. Not only nationally,
17 these companies supply internationally. California
18 produced rubber now goes to Korea and Japan.

19 I want to get back for a moment on RAC. You
20 know, you go to any other states, we -- California has a
21 leadership role in RAC. And we couldn't have done that
22 without the partnership, without the support of California
23 Integrated Waste Management Board. They put the money
24 where they need it. And I want to congratulate this group
25 for what you have done. Supporting AB 338, standing

1 shoulder to shoulder with Canadians. Canadians almost put
2 this industry out of business. And listen to the
3 industry.

4 Again, maybe the success brings some of these
5 comments. When you are successful, your expectation gets
6 higher. We have some frank discussions among ourselves,
7 because this partnership is to a point, you know, your
8 expectation gets higher. You want to go to the next
9 level.

10 With all respect to RMA ranking, we need to sit
11 down and say how California ranks 16th. Why we are not
12 talking beneficial use? Crumb rubber, it is an added
13 value product. The RAC projects, the one thing I want to
14 bring it up, my background is asphalt. As you know, the
15 whole prices is going up. The cost of the asphalt cement
16 oil a couple years ago was \$150 a ton. Now you're looking
17 around \$400 a ton. RAC uses two percent more asphalt
18 cement. It used to be that two percent used to be \$3 per
19 ton increase. Now we're looking at \$8 per ton increase.
20 That's \$5 increase to cities and counties. So the direct
21 cost of extra asphalt cement and use of the crumb rubber
22 is almost 13 to \$14 a ton for cities and counties.

23 Cities and counties, they love to use asphalt
24 rubber. However, they are also on this budget situation.
25 This is the time pulling away from your support from RAC I

1 think would not be good, because we have the momentum.
2 The momentum is there. We have done a tremendous job.
3 Before you consider pull the plug on cities and counties,
4 think twice. The cost doing business asphalt is at least
5 on just change of the cost of asphalt cement is \$5 more
6 per ton. And we as a processor, we see it on a daily
7 basis. The impact of your good program in the market, you
8 know, that's this '07 is a huge year for California-based
9 companies, not only for our own market in California, the
10 export market for California-based companies is going to
11 be huge. So I just want to make those comments. Thank
12 you.

13 DEPUTY DIRECTOR LEE: Mr. Takallou, if I may, to
14 follow up on that. You mention again we've got a vibrant
15 crumb rubber industry here. And we've talked about the
16 need to continue to expand on our diversion rates. What
17 steps would you see or would you propose that the Board
18 take in order to encourage these tires that are currently
19 going to landfill to come out and be put to some
20 productive end use?

21 MR. TAKALLOU: That's already happening. There's
22 really a function of supply and demand. You can actually
23 check Azusa numbers. You've got our -- we get shreds from
24 suppliers which they used to send it to the landfill. Now
25 it comes to get for beneficial use. Even as of yesterday,

1 I got one of the major companies that just wanted to
2 divert because economics.

3 We are in the business of value added. When I
4 have a demand for my crumb rubber, that disposal fee
5 doesn't matter anymore. We have to take -- even if I have
6 to pay for the shred, I pay for it.

7 So I think one of the areas in my opinion Waste
8 Management Board needs to consider is expansion of
9 generation. I think we probably can handle our own state
10 needs. But California, because our location to Pacific
11 Rim, we have a tremendous amount of opportunity for export
12 to Pacific Rim countries.

13 DEPUTY DIRECTOR LEE: Let me follow up on this.
14 So what you're seeing in the marketplace is tires are
15 coming out of the landfills, and they are being put to
16 productive end use. So you see based on the efforts that
17 the Board is already underway with in stimulating demand
18 for RAC, civil engineering, tire-derived products, you are
19 starting to see notice in the marketplace, tires coming
20 out of the landfills in response to this?

21 MR. TAKALLOU: We already see it on daily basis.
22 As I said, 07-08 is going to be -- Caltrans already
23 publicly showed the projects -- over 34 percent of the
24 projects is going to ask for rubber. There's an I-5 in a
25 couple weeks. One project by itself was 150,000 tons.

1 One project by itself would take three-and-a half, four
2 million tires.

3 And again, other states as I travel around the
4 country, other states now are taking that leadership.
5 You know, I attended in December -- Michael Blumenthal was
6 in New York. We attended a tire forum. And California
7 has that leadership. And again, when you are leader,
8 there is a higher expectation from leader. So that's one
9 thing we need to observe it. You know, we are on the
10 focus of nationwide, what California going to do. But
11 some of our programs is at the level of we need to be
12 stronger public partnership -- public/private partnership.
13 We need to have more of these discussions.

14 DEPUTY DIRECTOR LEE: Well, that is indeed the
15 objective of our Business Assistance Program to provide
16 that public/private partnership if you will.

17 MR. TAKALLOU: Well, we'd like to -- again, I can
18 speak on my behalf. We'd like that program to be more
19 direct than going through a consultant. We'd like to get
20 that direct discussion with the supplier and Waste
21 Management Board.

22 DEPUTY DIRECTOR LEE: Thank you.

23 MS. FRENCH: Barry, thank you for revising the
24 California ranking.

25 Our next speaker is Jana Nairn. She's with

1 Golden Byproducts.

2 MS. NAIRN: Good morning. You're not going to
3 hear much different from me actually. I can't echo more
4 all of the comments from Michael Blumenthal, Terry
5 Leveille, and Barry without a doubt, over this past
6 ten years of us being in this industry that we have
7 definitely seen success stories and continue to see them
8 every day as a result of the public/private partnership
9 that has occurred between the Integrated Waste Management
10 Board and private companies like ourselves.

11 We as an industry and our business actually
12 ourselves as well wouldn't be where we are today had it
13 not been from some of that private money that did come
14 from the State. But we appreciate the fact that's always
15 been a very small segment of the budget going forward and
16 look for that ratio to continue I guess.

17 I think that we're at a point in time where we
18 can definitely say what are the other ways that the Waste
19 Board or the public entity can support and collaborate and
20 help the private entities besides just grant money to us.
21 And those two are -- I'm just reiterating -- are the
22 enforcement efforts continue to push the tires to us, and
23 the market development efforts continue to pull the
24 products away from us. So those two components are ways
25 that we indirectly -- we don't need the grant money

1 directly. Those efforts indirectly benefit us on a daily
2 basis.

3 Another success story that I want to reiterate is
4 just in this past year we've had two public entities that
5 receive Tire-Derived Product Grants for our product rubber
6 bark that have actually come back and purchased full
7 truckloads or multiple truckloads of material from us
8 afterwards without grant funding. So those are pure
9 success stories of the Tire-Derived Product Grant Program
10 as well. And I think we need to continue to find those
11 success stories and capitalize on them and find out the
12 characteristics of the products they're buying and promote
13 the products even more so outside of the grant program.

14 I do still continue to -- and I think this echoes
15 some of what we've heard of being cautious and hesitant as
16 to what harm can be done with mispending an abundance of
17 funds as opposed to just what benefit can be done. And
18 just being cautionary on that. And that's been an issue
19 for us ever since the tire fee increase eight years ago or
20 whatever our concern was how those moneys would be spent.

21 And I think that selective market development
22 without awareness of industry capacity can be risky.
23 Hence, why I have been a proponent of understanding the
24 capacity of the industry while we make decisions with the
25 money we make. So although I'm probably one of the ones

1 that Michael referred to talking about capacity and focus
2 on capacity, not necessarily does that mean funding
3 capacity. But that means at least being aware of
4 capacity. And I just think that's important as we go
5 forward so that we don't do more harm than good in the
6 market going forward.

7 I was a little disappointed that I didn't see at
8 all changes to the BAP program as listed in the Five-Year
9 Plan draft. But I'm still confident in working with the
10 staff and the discussions we've had at industry meetings
11 that that program is going to continue to evolve if -- and
12 the big question is if -- it even is necessary to
13 continue. And I think that just needs to continue to have
14 conversations with stakeholders and again figure out what
15 the best fit is for that public/private partnership.

16 With regard to market development, I think there
17 are ways again that we can work together with
18 public/private partnership and focus on market development
19 together. And again, that's just other ways to
20 collaborate and assist with those of us recyclers besides
21 just giving us grants. Maybe that's in matching funds for
22 us to do our own market development. Therefore, you guys
23 aren't selecting the markets to promote. We're promoting
24 the markets of the products that we're making, therefore
25 you don't have to even understand what the capacity is,

1 because we're the ones doing the market development. And
2 any market development effort I do whether it be for RAC
3 or synthetic turf or rubber bark or anything benefits the
4 whole industry. Barry is going to benefit from my market
5 development effort as well as other processors as well.
6 So that might be one area we can continue to work
7 together, public and private together towards the market
8 development end.

9 MS. FRENCH: Thank you, Jana.

10 Our next speaker is Denise Kennedy with TK
11 Enterprises.

12 MS. KENNEDY: Hello. I would like to make a
13 statement to the question that Jim has been asking, I
14 think is a good one, and he's asked a couple of people
15 now. And I want to state I'm a member of the Tire and
16 Rubber Recycling Advisory Council which represents the
17 tire industry in the United States. We have a conference
18 coming up February 6th to the 8th. One of the topics, and
19 actually I'm moderating it, is going to have to do with
20 the efforts by industry and government to do market
21 diversion. And I'm actually going to ask that question,
22 because it is a panel discussion. I think it's a good
23 one.

24 And there will be some key leaders. I think I
25 would say most of the people going are from the midwest,

1 back east. It's an educational conference, part of it.
2 And it is in conjunction with the Technology and
3 Maintenance Association. They put on a big trade show.
4 And it's to replace the one that's normally held at
5 Louisville. And that will be the 6th through the 8th. So
6 I'm going to ask that question and see what kind of
7 response we get. I think it's good.

8 I definitely have always been an proponent of
9 enforcement. I think it's key. I think it has helped
10 with some of the counties being involved that have been
11 able to participate in that program.

12 I often question on grant money that we do put a
13 lot of money out in grant money, including the Business
14 Assistance Program. And it would be always interesting to
15 see what percentage of each company that has gotten it how
16 it has impacted their companies. I think that's a real
17 key issue. But I do believe it has really helped the
18 industry grow in that grant process.

19 I believe the Business Assistance Program has
20 been communicating with the public for the most part, the
21 stakeholders. There's been a few glitches lately. But I
22 would like to see it move forward myself, mainly because I
23 think it has had an impact. But, again, I think it's good
24 the industry has spoken up recently, wants more
25 information, wants more directions, wants more guidelines.

1 I think those are key. And I think they're very important
2 versus just saying we have 300,000, let's do something
3 with it. Let's be more specific. So I think that's
4 actually good.

5 I'm absolutely a proponent on spending more money
6 on the U.S./Mexico border issue. I think we have a very
7 key part in that issue and would like to see that move
8 forward. I thought Jim's letter, I have seen it, has some
9 good points in it. And I know he is interested in doing
10 more on that end as well. And I'm also involved in the
11 U.S./Mexico border, as well as RMA is active in
12 everything.

13 And, again, let's really, really focus on the
14 market analysis, continue to identify barriers. We've got
15 the ADA issues. We've got many issues that were already
16 mentioned previously. Those are issues that I would like
17 to see be very much a part of studies.

18 And I think that's probably all I have.

19 MS. FRENCH: And our next speaker is Cameron
20 Wright with West Coast Rubber Recycling.

21 MR. WRIGHT: Good morning. Thank you.

22 Many of my comments echo what Denise just said,
23 Barry, Jana, everybody, Terry.

24 But briefly I wanted to express my encouragement
25 for not only all the past grant programs that we've been

1 able to take advantage of along with the new RMDZ loan
2 we've just acquired recently, but the Business Assistance
3 Program I think is very beneficial to companies like ours
4 that are in the middle of a tremendous growth spurt right
5 now. Kind of ramping up from two guys in the pickup truck
6 to just purchasing a 16,000 square foot facility and
7 having numerous machines going into and expanding the
8 capabilities that we are facing right now with increased
9 demand for our products.

10 And I think programs like the BAP that can come
11 along and give technical assistance to companies like mine
12 that it's kind of crucial. It's kind of critical. We
13 focus more on the collecting/grinding side of the business
14 and some of the other -- they weren't very good -- some of
15 the other issues that come up in just running a business I
16 think the BAP will definitely be able to help us with.

17 A quick note on the shortage of crumb rubber,
18 which we don't see that problem. But one idea is the
19 possibility of going back into the monofills and reusing
20 some of the tires. Just because it's out of sight doesn't
21 mean it's out of mind. I think that if there was a way to
22 harvest the tires that we've been putting there over the
23 generations, there might be something in the future that
24 we could -- some way we could explore that possibility.
25 Thanks.

1 MS. FRENCH: Thank you.

2 Our next speaker is Mark Korte. Is it C-o-r --

3 MR. KORTE: That's close. It's K-o-r-t-e. And
4 for those of you in the room that have forgotten me, I'm
5 with Tri-C. I don't come to these meetings that often.
6 They have to pry me out of the office. And I apologize
7 for that.

8 The only comments I had with Jana and Denise, I
9 want to agree with what I've heard, but add a couple of
10 comments.

11 Yes, the BAP has been great assistance in the
12 program past. I think we have to be careful which
13 direction we go in the future. I thoroughly oppose the
14 middleman. I did not apply for a grant this go-around. I
15 was greatly opposed to bringing somebody into my shop.
16 Even though they would sign a confidentiality agreement, I
17 feel that whether they come into our shop or Barry's or
18 Jana's, we're going to teach them something. And the next
19 go-around they're going to be at one of our competitors
20 and using the information or the basic knowledge we've
21 helped build for them. Maybe that would even the field in
22 the state of California, but I'm not that interested in
23 leveling the field. We know each other. They're awfully
24 nice people, but we are competitors.

25 I'm not sure what direction the BAP should take

1 in the future. I've advocated for the last probably three
2 years that maybe we should go more towards a loan program.
3 Maybe we should expand out of RMDZ loans for start-ups.
4 We as a company have taken a tremendous risk and step
5 forward. We just purchased 65,000 feet of building up in
6 Woodland on six acres. We're putting in additional
7 equipment. We're expanding to meet what we feel the
8 marketplace is going.

9 But, you know, I was around for the time that
10 Caltrans was using the material right and left. And we
11 were scratching for material, and people were building
12 plants. All of a sudden, it went from a real high
13 pinnacle to, man, we were in the basement. The prices
14 went from really what they are now slowly starting to get
15 back to the prices we were five years ago, six, seven
16 years ago. Then the market dropped right out. The
17 Canadians moved in, put some very good producers and nice
18 people out of business. And now we're just getting back
19 to where we can make margins and maybe even scratch a
20 profit.

21 But what we need is a diverse marketplace. We
22 need a stable marketplace. And if we have that, I'm not
23 sure what role the BAP can take, because that's what we
24 need to go to our lenders. That's what we need to go to
25 our investors and say, okay, here's where we see the

1 market five years from now. So I do agree with my fellow
2 producers and competitors, but let's take a real careful
3 look at this for the next five years.

4 DEPUTY DIRECTOR LEE: Mr. Korte, if I may, how
5 would you see us helping, if at all, in creating this
6 diverse and stable marketplace?

7 MR. KORTE: Well, there's a couple things that I
8 think you're going towards. I think there's some hope in
9 the right direction.

10 It could be basic stuff, like I tried to get some
11 real enthusiasm going about septic leach fields. That's a
12 pretty low-tech deal. But in the state of Virginia, they
13 used a million tires in that small state last year.
14 That's a pretty substantial amount of tires in a small
15 state, and it offers some great advantages. You've got
16 rubber molded products that we're doing. The rubber mulch
17 is doing very well. The synthetic turf is doing very
18 well. I think there might be some other products that
19 I've given sample material out to other companies are
20 building, are starting to develop. There's some virgin
21 materials that are being used right now that we might be
22 able to substitute granules from scrap tires. But one of
23 the things that any customer is going to take a look at,
24 particularly a large customer, is the stability of the
25 marketplace. And we're working on that right now, but I

1 don't think we're quite there.

2 DEPUTY DIRECTOR LEE: Thank you.

3 MS. FRENCH: That was our last speaker that
4 signed up, but I see we have additional stakeholders in
5 the audience. Is there anyone that would like to comment?

6 DEPUTY DIRECTOR LEE: Michael.

7 MR. BLUMENTHAL: I think Mark brings up a very
8 good and very important point in that you need to have a
9 diverse market. One expression we've always been using is
10 you can't put all your tires into one market. And
11 certainly market diversification is a key component, a
12 very critical component. I think it's what we're trying
13 to advocate for is to push all the potential markets out
14 there and make that aspect of the industry as level as
15 possible. And then let the marketplace choose which
16 markets will do better, which ones will fail. That's what
17 the marketplace does. And yes, everything needs to be
18 based on economics.

19 Oh, by the way, Barry, the LaFarge plant did not
20 stop using tires because it wasn't economical. They
21 stopped because they were bought out by a different branch
22 of LaFarge and now going through a research on expenditure
23 of funds. So it has nothing to do with the economics of
24 TDF, per se.

25 But the point we're trying to get across is that

1 the marketplace needs to decide the allocation of scarce
2 goods and resources. That is the definition of the
3 marketplace. The point we're trying to make is make all
4 the markets available: RAC, products, mulch, in-fill, any
5 one of them, and then let the market decide where the
6 markets, where the rubber should go. That's the basic
7 bottom line. It has to be based on economics.

8 One of the reasons why tire chips in septic drain
9 fields works so well in Virginia and works so well in
10 South Carolina or in Florida was because the cost of rock,
11 the major competing material, is relatively expensive.
12 When you try to take that same market and bring it to the
13 midwest, Ohio, Pennsylvania, Illinois, and Indiana where
14 the cost of rock is relatively inexpensive, that market
15 will not work. So not all markets can work every place.

16 But the idea is have multiple markets to
17 potentially sell into, and then let everybody else
18 compete. Keeping everything else level. And I think
19 that's the ultimate point. So you need to push all the
20 markets, and then ultimately the marketplace will decide
21 the allocations of scarce goods and resources. As much as
22 we like RAC, if it's not economically viable, just like if
23 TDF can't be economically viable or if other civil
24 engineering applications cannot be viable, there needs to
25 be other markets to move into, because markets will come

1 and go.

2 What happened here with DOT -- with Caltrans is a
3 perfect case in point. Markets will come and go
4 regardless of the best efforts of a State agency and even
5 with the best efforts of grants. Markets come and go for
6 any number of different reasons. But typically it's all
7 based on economics. So let the marketplace do what it
8 does best. But make sure that it is a level playing
9 field. Remove the obstacles, expand the opportunities,
10 the market should do quite nicely.

11 CHAIRPERSON BROWN: Thank you, Michael.

12 Last call for any other questions. Okay. I'll
13 turn it over to Mitch. He has some concluding remarks
14 here.

15 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: All
16 right. Well, first of all, thanks for coming. There's a
17 couple groups that I want to really focus on right up
18 front here.

19 First, I want to thank the Legislature for having
20 the idea to make us do a Five-Year Plan in the first
21 place. Having all this information in one document helps
22 all of us to get a good picture of the whole program.

23 I also want to thank them for the wisdom.
24 Although it seems like a pain right now, but the wisdom of
25 having us review it every two years. Because what I found

1 out since I've been with the program is that it evolves
2 faster than anybody can plan five years ahead for. So the
3 system that we have in place right now I think is working
4 pretty effectively. Having the plan, reviewing it
5 periodically. And then even within that, we have our
6 reallocation item every year where for whatever reason,
7 particular activities don't work out, there's money left
8 over, and we can look within the year at what's happening
9 right now to determine where that money should be spent.
10 So I think the process is working.

11 I've heard a number of people talk about
12 enforcement. I'm really happy with how our enforcement is
13 going. We plan on keeping it going the same way.

14 I did want to highlight the Satellite
15 Surveillance Project. We had the pilot that was very
16 successful last year. We've gone beyond that. And it
17 looks like we don't want to pull back our money on
18 short-term remediation too quickly, because there are
19 piles out there, not necessarily big ones, but there are
20 piles still out there. And with the satellite technology,
21 we'll be able to identify them and remediate them as
22 quickly as possible. In fact, this satellite technology
23 has been so successful -- one of the last ones we did I
24 think was in either Sonoma or Marin. They were able to
25 locate a house that happened to use tire tiles on the

1 roof. So it's a pretty powerful tool for us.

2 Remediation; we went through cleanup, abatement,
3 remediation. We've got all the long-term issues resolved.
4 We may want to hold on a little bit about the short-term
5 remediations.

6 The local government and amnesty and the
7 cleanups, we're seeing much more interest in those,
8 especially when we tie it back to the local enforcement
9 entities.

10 With respect to the farm and ranch, my hope is if
11 you notice in the Five-Year Plan under one of our
12 performance measures, we have as a performance measure
13 that we increase the number of tires remediated through
14 the program by ten percent each year through 2012. So we
15 want to focus on those projects where there's more tires
16 than refrigerators. So that's something we'll be working
17 with the farm and ranch people on.

18 With respect to research, there's still some
19 issues that we want to look at. You talked about barriers
20 and whatnot. We're looking more at civil engineering
21 applications. You had mentioned the leach fields. So
22 these are some of the things we'll be looking at with
23 respect to civil engineering: The research on the highway
24 construction, recycling of RAC, the tire-derived product
25 market analysis. All these things, we tried to reduce the

1 amount of money that we're putting toward research.
2 Because so much is being done already, we don't want to
3 waste any money doing things that other people are already
4 doing.

5 On the market development, I think that as
6 mentioned, on one side we have the enforcement. On the
7 other side, we have market development. Market
8 development is crucial. The way that we've designed this,
9 there's a bunch of pieces that fit together that feed one
10 another. And they may not seem to cover as wide of an
11 area as they do, but because of the way they fit together
12 and feed in one another, I believe they do. For instance,
13 with respect to the social marketing and outreach, that's
14 a vehicle that we can use to get the word out about like
15 the issue, for instance, with allergies and rubber
16 sidewalks. It's a vehicle that we'll have in place where
17 we can get that kind of a message out, along with a
18 message of taking better care of your tires, reducing the
19 amount of tires going to the landfill in the first place.

20 On the RAC grants, as you can see the way we've
21 funded this, we're ratcheting it down, because there will
22 be fewer and fewer jurisdictions that haven't been
23 introduced to it already.

24 The second part of the RAC Grant Program, I don't
25 want it to be confused with we're just going to go out and

1 reimburse people for doing what they were already going to
2 do anyway. The focus of this second RAC Grant Program is
3 to find jurisdictions that are using RAC and have the
4 opportunity to use more RAC than they would have
5 otherwise. And that's what we want to get them to do to
6 increase their use, not pay for use that they were
7 planning already.

8 On the Business Assistance Program, I feel that
9 it's key to help us to understand how it's all working.
10 What I envision in the future is more of a broader type of
11 program that will allow our stakeholders to come to us and
12 say, "I need a loan" or "I need a grant for equipment" or
13 "I need particular assistance." And then it would be --
14 especially with regard to the assistance, those that feel
15 that there's a confidentiality issue won't avail
16 themselves of that part of the program. They'll go for
17 the loan or they'll go for the equipment grant. So we
18 want that to evolve into something that fits only the
19 border outreach. I think Lillian did a great job of
20 explaining how all that works. We want to keep in touch
21 with them at the Border 2012 efforts and what RMA is
22 doing.

23 We also talked some about how to overcome
24 barriers, how to get that message out. I think that our
25 technical outreach through the Institute of Transportation

1 Studies with Berkeley will help in that regard. We'll be
2 developing information on civil engineering applications
3 that will be getting out to the people that actually do
4 the work or will be doing the work. And that, to me, is
5 very important. Just like if I can jump back just a
6 minute for the border, doing the outreach to the children
7 so that they have that in their head, that taking care of
8 the environment is good. You've got to start them early.
9 And the program that we're talking about with the border
10 will help do that.

11 And then the Waste and Used Tire Hauler Program,
12 again, we've done a lot toward getting it automated. We
13 still want to do more.

14 But beyond that -- and this is something I'd like
15 to ask Michael. What's the possibility that the tire
16 manufacturing industry in the future will be putting RF
17 radio tags in their tires for their own tracking purposes?

18 MR. BLUMENTHAL: Some of it is happening now, but
19 for different reasons. RFID is happening now. Sometimes
20 for inventory control. Sometimes in heavy truck tires for
21 maintenance of that fleet of tires that you have there. I
22 can't answer the question whether it will be RFID in all
23 tires in five years. I do not know the answer. We've
24 been asked this question before, and it's still uncertain.
25 There's not enough information to be able to answer that

1 question.

2 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: All
3 right. But that's what I see the future of the hauler
4 program. Once those are in every tire, it will be much
5 easier to track the flow of them. So I see us moving in
6 that direction.

7 So all that being said, I got the hook here.
8 Said it's time to wrap up. It's lunch time.

9 MR. BLUMENTHAL: May 8th, what meeting is on May
10 8th?

11 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: This
12 will be I believe the Policy Committee meeting. Is that
13 correct?

14 MS. FRENCH: Yes. Our next meeting will be on
15 March 15th, which will be another workshop. And then
16 we'll take the plan into its final stage to our Policy
17 Committee on May 8th. And then the following Tuesday the
18 full Board will hear the item.

19 TIRE MANAGEMENT BRANCH MANAGER DELMAGE: With
20 that, thanks for coming. Have a nice lunch.

21 (Thereupon the California Integrated Waste
22 Management Board Revised Five-Year Plan for the
23 Waste Tire Recycling Management Program
24 Workshop adjourned at 12:18 p.m.)

25

1 CERTIFICATE OF REPORTER

2 I, TIFFANY C. KRAFT, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing hearing was reported in shorthand by me,
7 Tiffany C. Kraft, a Certified Shorthand Reporter of the
8 State of California, and thereafter transcribed into
9 typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said hearing nor in any
12 way interested in the outcome of said hearing.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 31st day January, 2007.

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